

FRANCHISE DISCLOSURE DOCUMENT



FURNITURE MEDIC®

TCB FURNITURE MEDIC, LLC
A Delaware Limited Liability Company
57 Germantown Ct., Suite 201
Cordova, Tennessee 38018
888-327-4951
franchisesales@tcbfranchising.com
www.furnituremedicfranchise.com

We grant franchises for a Furniture Medic® furniture and wood restoration, repair, fabrication, and refinishing business.

The total investment necessary to begin operation of a Furniture Medic® franchise is \$86,945 to \$145,250. This includes \$50,000 that must be paid to us or one of our affiliates.

This disclosure document summarizes certain provisions of your Franchise Agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar-days before you sign a binding agreement with, or make any payment to, us or any of our affiliates in connection with the proposed franchise sale. **Note, however, that no governmental agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact the Franchise Sales office at 57 Germantown Ct., Suite 201, Cordova, Tennessee 38018 or at 888-327-4951.

The terms of your Franchise Agreement will govern your franchise relationship. Don't rely on the disclosure document alone to understand your Franchise Agreement. Read all of your Franchise Agreement carefully. Show your Franchise Agreement and this disclosure document to an advisor, like a lawyer or an accountant.

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "*A Consumer's Guide to Buying a Franchise*," which can help you understand how to use this disclosure document, is available from the Federal Trade Commission (FTC). You can contact the FTC at 1.877.FTC.HELP or by writing to the FTC at 600 Pennsylvania Avenue, N.W., Washington, D.C. 20580. You can also visit the FTC's home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

There may also be laws on franchising in your state. Ask your state agencies about them.

The issuance date of this disclosure document is April 30, 2025.

How to Use This Franchise Disclosure Document

Here are some questions you may be asking about buying a franchise and tips on how to find more information:

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibits D and E.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor’s direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit B includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only Furniture Medic business in my area?	Item 12 and the “territory” provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What’s it like to be a Furniture Medic franchisee?	Item 20 or Exhibits D and E lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

Continuing responsibility to pay fees. You may have to pay royalties and other fees even if you are losing money.

Business model can change. The franchise agreement may allow the franchisor to change its manuals and business model without your consent. These changes may require you to make additional investments in your franchise business or may harm your franchise business.

Supplier restrictions. You may have to buy or lease items from the franchisor or a limited group of suppliers the franchisor designates. These items may be more expensive than similar items you could buy on your own.

Operating restrictions. The franchise agreement may prohibit you from operating a similar business during the term of the franchise. There are usually other restrictions. Some examples may include controlling your location, your access to customers, what you sell, how you market, and your hours of operation.

Competition from franchisor. Even if the franchise agreement grants you a territory, the franchisor may have the right to compete with you in your territory.

Renewal. Your franchise agreement may not permit you to renew. Even if it does, you may have to sign a new agreement with different terms and conditions in order to continue to operate your franchise business.

When your franchise ends. The franchise agreement may prohibit you from operating a similar business after your franchise ends even if you still have obligations to your landlord or other creditors.

Some States Require Registration

Your state may have a franchise law, or other law, that requires franchisors to register before offering or selling franchises in the state. Registration does not mean that the state recommends the franchise or has verified the information in this document. To find out if your state has a registration requirement, or to contact your state, use the agency information in Exhibit C.

Your state also may have laws that require special disclosures or amendments be made to your franchise agreement. If so, you should check the State Specific Addenda. See the Table of Contents for the location of the State Specific Addenda.

Special Risks to Consider About *This Franchise*

Certain states require that the following risk(s) be highlighted:

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Tennessee. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Tennessee than in your own state.
2. **Mandatory Minimum Payment:** You must make minimum royalty or advertising fund payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.
3. **Turnover Rate:** During the last 3 years, a large percentage of franchised outlets (52%) were terminated, not renewed, re-acquired, or ceased operations for other reasons. This franchise could be a higher risk investment than a franchise in a system with a lower turnover rate.

Certain states may require other risks to be highlighted. Check the “State Specific Addenda” (if any) to see whether your state requires other risks to be highlighted.

**THIS MICHIGAN NOTICE APPLIES ONLY TO FRANCHISEES WHO ARE
RESIDENTS OF MICHIGAN OR LOCATE THEIR FRANCHISES IN
MICHIGAN.**

NOTICE REQUIRED BY STATE OF MICHIGAN

THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU.

- (a) A prohibition of the right of a franchisee to join an association of franchisees.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- (c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years; and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- (g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:
 - (i) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.
 - (ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.

(iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

(iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

(h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchisee on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchisee for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).

(i) A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services.

THE FACT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE ATTORNEY GENERAL.

Any questions regarding this Notice shall be directed to the Department of Attorney General, Consumer Protection Division, 670 Law Building, 525 West Ottawa Street, Lansing, Michigan 48913, (517) 335-7567.

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Exhibits:

- A Franchise Agreement
- B Financial Statements and Guaranty
- C State Franchise Administrators and Agents for Service of Process
- D Franchisee List
- E Former Franchisee List
- F Required State Addenda to FDD and Franchise Agreement (if applicable)
- G Operations Manual Table of Contents
- H General Release
- I Franchisee Questionnaire
- J State Effective Dates
- K Receipts

APPLICABLE STATE LAW MAY REQUIRE ADDITIONAL DISCLOSURES RELATED TO THE INFORMATION CONTAINED IN THIS DISCLOSURE DOCUMENT. THESE ADDITIONAL DISCLOSURES, IF ANY, APPEAR IN EXHIBIT F.

Item 1: The Franchisor, and Any Parents, Predecessors, and Affiliates

To simplify the language in this disclosure document, “we,” “us,” “our,” or “**Franchisor**” means TCB Furniture Medic, LLC, the franchisor. “You,” “your,” or “**Franchisee**” means the person or entity purchasing a franchise. If you are a corporation, partnership, limited liability company or other entity, “you” includes your owners.

The Franchisor

We are a Delaware limited liability company formed in March 2023. Our principal business address is 57 Germantown Ct. Suite 201, Cordova, Tennessee 38018. We do business under the name Furniture Medic. Our agent for service of process in your state is listed in Exhibit C.

Our business is limited to franchising furniture and wood restoration, repair, fabrication, and refinishing businesses under the Furniture Medic trademarks throughout the United States. We have offered Furniture Medic® franchises since March 2023. Our predecessors began offering Furniture Medic® franchises in December 1992. We do not offer franchises in or engage in any other line of business, nor have we done so prior to the date of this disclosure document.

Predecessors

Our immediate predecessor, FURNITURE MEDIC SPE LLC (“**Immediate Predecessor**”), a Delaware limited liability company, offered Furniture Medic® franchises between March 2021 and March 2023. Immediate Predecessor did not offer franchises in any other line of business. The principal address of Immediate Predecessor is One Glenlake Parkway, 14th Floor, Atlanta, Georgia 30328.

The predecessor of Immediate Predecessor, Furniture Medic Limited Partnership (“**Indirect Predecessor**”), a Delaware limited partnership, offered Furniture Medic® franchises between December 1992 and December 2020. Indirect Predecessor did not offer franchises in any other line of business. The principal address of Indirect Predecessor is One Glenlake Parkway, 14th Floor, Atlanta, Georgia 30328.

Parents

We are a direct subsidiary of TCB Services Holdings, LLC (“**TCB Services**”), a Delaware limited liability company with a principal address at 3060 Peachtree Road, NW, Suite 360, Atlanta, Georgia 30305. TCB Services provides management and support services to us and our franchisees.

We are an indirect subsidiary of TCB Services HoldCo, LLC (“**HoldCo**” or “**Guarantor**”), a Delaware limited liability company. On March 31, 2023, HoldCo, an affiliate of Eagle Merchant Partners (“**EMP**”), an Atlanta-based private equity investment firm with its principal place of business at 3060 Peachtree Road, NW, Suite 360, Atlanta, GA 30305, acquired control of us through intermediate holding companies, including TCB Services Intermediate, LLC and TCB Services (the “**Acquisition**”). Guarantor guarantees the performance of our obligations under our franchise agreements.

As part of the Acquisition, (i) we became the franchisor of the Furniture Medic® system; (ii) Immediate Predecessor assigned to us all existing Furniture Medic® franchise agreements and related agreements; and (iii) Immediate Predecessor assigned ownership of all Marks (as defined below) and certain intellectual property relating to the operation of Furniture Medic® franchises to us.

Affiliates Under the Control of Holdco

Our affiliates under the control of Holdco that currently offer other franchises include:

TCB AmeriSpec, LLC (“**AmeriSpec**”), a Delaware limited liability company, franchises home and commercial inspection businesses under the AmeriSpec® mark. The principal address for AmeriSpec is 57

Germantown Ct. Suite 201, Cordova, Tennessee 38018. AmeriSpec and its predecessors began offering franchises in 1988. As of December 31, 2024, AmeriSpec had 94 franchises in the United States.

Renew Medic Franchising, LLC (“**Renew Medic**”), a Delaware limited liability company, franchises specialty mitigation, restoration, transformation, re-sale and manufacturing businesses that perform residential and commercial cabinet repair, re-sale, restoration, renewal, transformation and manufacturing services (primarily associated with the disaster restoration industry) under the Renew Medic trademarks. The principal address for Renew Medic is 57 Germantown Ct. Suite 201, Cordova, Tennessee 38018. Renew Medic began offering franchises in February 2024. As of December 31, 2024, Renew Medic had 8 franchises. As of December 31, 2024, Renew Medic had 4 corporate Renew Medic businesses. In certain instances, Renew Medic franchisees may refer or subcontract these services to our franchisees, although they are not obligated to do so. Likewise, you may refer or subcontract the Franchised Services (as defined below) to franchisees of Renew Medic, although you are not obligated to do so.

TCB Services Ltd. (“**TCB Canada**”) offers franchises in Canada. The principal address for TCB Canada is 105 Victoria St., Suite 1106, Toronto, Ontario, M5C, 3B4, Canada. As of December 31, 2024, there were approximately 75 franchises in Canada under the AmeriSpec® and/or Furniture Medic® trade names and trademarks serving residential and commercial customers throughout Canada.

TCB Group Holdings Limited (“**TCB UK**”) offers franchises in Great Britain. The principal address for TCB UK is 10 Temple Back, Redcliffe, Bristol BS1 6FL, United Kingdom. As of December 31, 2024, there were approximately 8 franchises in Great Britain that operate using the Furniture Medic® trade names and trademarks.

AmeriSpec, Renew Medic, TCB Canada, and TCB UK have never offered franchises in any line of business (except as provided above), have never conducted a business of the type you will operate (except as provided above), and do not provide products or services to our franchisees.

Other Affiliated Franchise Programs

Through control with private equity funds managed by EMP, we are affiliated with the following franchise programs (“**Affiliated Programs**”). None of these Affiliated Programs operate a franchise using the AmeriSpec®, Furniture Medic® or Renew Medic™ trade names and trademarks.

Code Ninjas, LLC (“**Code Ninjas**”) is a franchisor of learning centers operating under the Code Ninjas trade name and business system providing child-focused educational programs focused on computer programming skills. Code Ninjas has been franchising since November 2016 and, as of December 31, 2024, there were approximately 244 Code Ninjas franchised outlets operating in the United States. Code Ninjas’ principal place of business is 3500 Parkway Lane, Suite 400, Peachtree Corners, Georgia 30092. Other than as described above, Code Ninjas has not offered franchises in any other line of business. Code Ninjas does not operate a Franchised Business.

Enviro-Master International Franchise, LLC (“**Enviro-Master**”) is a franchisor of franchised businesses that provide restroom hygiene, drain line management, window cleaning, power washing, paper, and chemical products and services to customers that include restaurants, including quick service and traditional, hotels, schools, and other types of commercial establishments. Enviro-Master has been franchising since January 2011 and, as of December 31, 2024, there were approximately 132 Enviro-Master franchised businesses operating. Enviro-Master’s principal place of business is 5200 77 Center Drive Suite 500, Charlotte, North Carolina 28217. Other than as described above, Enviro-Master has not offered franchises in any other line of business. Enviro-Master does not operate a Franchised Business.

Samco, LLC (“**SCM**”) franchises businesses that provide concrete repairs and improvements to existing homes

under the Sam The Concrete Man® trademark. SCM's principal business address is 6912 South Quentin Street, Suite 10, Centennial, Colorado 80112. SCM began offering its franchises in September 2013. As of December 31, 2024, there were approximately 88 SCM franchises in the United States. SCM does not operate a Franchised Business.

None of the affiliated franchisors, including the Affiliated Programs, are obligated to provide products or services to you; however, you may purchase products or services from these franchisors if you choose to do so. Except as described above, we have no other parents, predecessors or affiliates that must be included in this Item.

The Franchise Offering

We offer franchises for furniture and wood restoration, repair, fabrication, and refinishing businesses that operate under the Furniture Medic® Marks (as defined below) and use the System (as defined below) (the "**Franchised Business**"). Franchised Businesses perform residential and commercial furniture repair, restoration, fabrication, and refinishing; wood repair, restoration and refinishing; millwork; re-upholstery; hardwood floor repair; and other related services as outlined in the Franchise Agreement and Operations Manual (the "**Franchised Services**"). These Franchised Services may be marketed to hotels, homeowners, moving companies, antique dealers, furniture rental companies, insurance companies and others whose responsibilities include residential and commercial property management and maintenance.

If we grant you the right to operate a Franchised Business, you will sign a franchise agreement (the "**Franchise Agreement**"), which gives you the right to use (i) our trade name, trademarks, service marks, insignias, and logos that we specify from time to time, including the Furniture Medic® mark and other marks (the "**Marks**") and (ii) business methods, practices, and know-how (the "**System**") in a nonexclusive territory designated in your Franchise Agreement (the "**Territory**"). The form of Franchise Agreement is attached to this Disclosure Document as Exhibit A.

Our System, including our guidelines, standards and specifications, are included in our confidential operations manuals (the "**Operations Manual**"), which is available on our intranet site (our "**Intranet**"). All elements and characteristics of the System may be changed, improved, and further developed by us. You will be provided an initial training program in marketing, sales, advertising, operational procedures, and financial administration. You are encouraged to use your home as a base of operation for your Franchised Business until your business will support an outside brick and mortar location that has both a designated warehouse space for service equipment and products and a designated office space for meetings and performance of other office functions (an "**Office**"). As the owner of the Franchised Business, you will operate service vehicle(s), painted bright white, that display the Furniture Medic® logo, your phone number, and the URL address of your website (each, a "**Service Vehicle**").

We or our affiliates have entered into agreements with customers who have needs related to wood and furniture restoration, repair, refinishing, manufacturing, and transformation services (the "**National Accounts Program**"). Through this National Accounts Program, these customers request services from us and we then allocate these leads and service requests to our franchisees in our sole discretion. You have no right to receive leads or service requests from the National Accounts Program. We do not guarantee or represent that you will receive any leads or service requests through this program. Lead flow varies widely depending on many factors including territory, capacity, standing with us as the franchisor, customer requests, services needed and other criteria. Some territories may receive no leads. All leads are owned by us and assigned solely at our discretion.

Some of our National Accounts Program customers require you to participate in our Medic Restoration Network ("**MRN**"), which is a program that is operated by our affiliate, Medic Restoration Network, LLC, a Delaware limited liability company ("**MRN Administrator**"). The principal address for the MRN Administrator is the same as ours. The MRN Administrator negotiates, facilitates, and manages relationships with customers for leads on household contents damaged during a water, fire or other household or commercial

disaster event, and other related services. The MRN Administrator has never operated a business of the type you will operate, and does not offer franchises in this line of business or any other line of business. Under the MRN, MRN Administrator provides to customers a network of approved participating Franchised Businesses that have met the MRN standards as set forth in the MRN Agreement, the current form of which is attached to the Franchise Agreement as Exhibit A-3, as may be revised from time to time as published on our Intranet. You will enter into the MRN Agreement at the same time you sign the Franchise Agreement. This agreement allows franchises to receive leads from MRN Administrator or our approved customers. Some customers which utilize the MRN may have individual performance guidelines which the MRN franchise must agree to meet in order to be eligible for their lead referrals. If we determine you are qualified, you must participate in the MRN.

Before you are approved by us to participate in the MRN, you must demonstrate to us that you meet certain standards and performance requirements concerning furniture and contents restoration. We will evaluate your Franchised Business and determine, in our sole discretion, if you meet the MRN standards and requirements. Both Renew Medic franchisees and Furniture Medic franchisees are allowed to participate in the MRN. If a Renew Medic franchisee and a Furniture Medic franchisee are in the same territory and are both approved to participate in the MRN, then the MRN Administrator will determine how the lead will be distributed between the two franchisees. Some Furniture Medic franchisees that signed their Franchise Agreement prior to January 2024 offer disaster relief cabinet repair and may therefore be permitted to participate in the MRN as a provider of both cabinet restoration and furniture and contents restoration.

MRN leads are distributed to franchisees based on several criteria and in the sole discretion of the MRN Administrator. If you participate in the MRN, there is no guarantee that you will receive any leads through the MRN. Lead flow in the MRN varies widely depending on the territory. Some territories may receive no leads. You have no right to receive leads from the MRN. You have the option of declining a lead from MRN, but you must refer the lead back to the MRN Administrator.

Competition

As a franchisee, generally you will compete with national and regional companies and their franchisees, as well as independent individuals, partnerships, and companies of varying sizes and scopes, that offer furniture repair and refinishing and other similar services to residential and commercial customers, whether directly or through third parties such as insurance carriers and mitigation companies. The market for such businesses is mature.

Industry Specific Regulations

You should be knowledgeable about OSHA (Occupational Safety and Hazardous Administration) and the EPA (Environmental Protection Act) federal regulations as well as state and local environmental and occupational safety and hazardous regulations which are applicable to your Franchised Business. Some laws reference guidelines developed by NESHAP (National Emissions Standards for Hazardous Air Pollutants) and NIOSH (National Institute for Occupational Safety and Health) which may be applicable to your Franchised Business. Local contractor laws may require Furniture Medic franchises to obtain special licenses. You may also be required to maintain an upholsterer's license. In the State of California, a C-6 Cabinet and Millwork license is required to work on permanent wood fixtures. There may be a similar requirement in your state. Because services are often performed in the home, your local agencies may require additional licensing. You will be responsible for contacting your local and state government agencies regarding restrictions and the proper licensing of the operation of the Franchised Business.

In addition to statutes and regulations specific to the industry for your Franchised Business, you must comply with all federal, state, and local data privacy and security laws which may apply to your Franchised Business. Federal, state, and local laws regulate the requirements for protection and use of customer data, including personal and payment related information. As a part of your Franchised Business, you may collect information related to your consumers on our behalf. While we own all the data that you collect, you must ensure that all

of your collection and retention methods comply with such laws. We have made no independent investigation into such requirements, and it is entirely your responsibility to ensure your own compliance with these laws.

Referrals

We pay existing Furniture Medic® franchisees a referral fee for referred candidates who acquire a Franchised Business within 12 months of the referral, but we can change this policy at any time. Franchisees who receive financial incentives for such referrals may be required to register as franchise brokers under applicable state laws. (See State-Specific Addenda attached as Exhibit F to this Disclosure Document).

Item 2: Business Experience

CEO and President: Chris Gammill

Mr. Gammill has been the Chief Executive Officer and President for AmeriSpec and Furniture Medic since March 2023, and he has served as Chief Executive Officer for Renew Medic since its formation in December 2023, and as the President for Renew Medic since February 2024. From March 2018 to March 2023, he served as Brand Leader for AmeriSpec and Furniture Medic. Mr. Gammill serves in his present capacities in Memphis, Tennessee.

Chief Development Officer: Mike Pearce

Mr. Pearce has been the Chief Development Officer of AmeriSpec and Furniture Medic since June 2023, and he has served in the same role for Renew Medic since its formation in December 2023. From June 2020 to August 2024, he served as the CEO and an owner of Sovereign Water LLC, an ASP – America’s Swimming Pool Company franchise in Memphis, Tennessee. From May 2013 to March 2019, Mr. Pearce was the Chief Development Officer of ServiceMaster Franchise Services Group in Memphis, Tennessee. From April 2020 to December 2022, he served as the Chief Development Officer of Authority Brands in Columbia, Maryland.

Chief Financial Officer: Whit Orians

Mr. Orians has been the Chief Financial Officer for Amerispec, Furniture Medic and Renew Medic since September 2024 in Memphis, Tennessee. Previously, he had been the VP of Finance for Amerispec, Furniture Medic and Renew Medic from August 2023 to August 2024. Previously, he had been the Director of Finance – Operations at TruGreen from October 2022 to August 2023 in Memphis, Tennessee. While at TruGreen, he also held the roles of Sr. Manager Finance – Operations from November 2021 to October 2022, the position of Field Finance and Operations Business Partner from June 2019 to November 2021, and was a senior financial analyst from May 2017 to June 2019 all in Memphis, Tennessee.

VP Operations: Kevin Samov

Mr. Samov has been the VP of Operations for AmeriSpec and Furniture Medic since June 2023 in Memphis, Tennessee, and he has served in the same role for Renew Medic since its formation in December 2023. From May 2022 to May 2023, he held roles as the Director of Organizational Training and Development as well the Director of Business Development at FirstLight Homecare in Cincinnati, Ohio. From November 2017 to March 2021, he was with ServiceMaster Brands as the Senior Manager of Brands Franchisee Training, Learning Engagement Manager and Large Owner Business Development Consultant in Memphis, Tennessee.

Director of Business Development: Joseph Davis

Mr. Davis has been the Director of Business Development for Renew Medic since February 2024 in Memphis, Tennessee. Mr. Davis has also been the Marketing Director for AmeriSpec and Furniture Medic since March

2023 in Memphis, Tennessee, and he has served in the same role for Renew Medic since its formation in December 2023. Previously, he had been Marketing Manager for Furniture Medic since June 2020, and both AmeriSpec and Furniture Medic since December 2021 in Memphis, Tennessee. From 2010 to 2020 he was an Interactive Strategy Manager and an Integrated Marketing Manager at ALSAC, the fundraising and awareness organization for St. Jude Children’s Research Hospital in Memphis, Tennessee.

Brand Leader: Bob Dickson

Bob Dickson was appointed Brand Leader for Furniture Medic in November 2024. Prior to that appointment Mr. Dickson served as a Business Development Consultant for Furniture Medic from November 2023. From March 2023 until November 2023, he was a Contract Services Manager with Whiskey Thief Distillery in Frankfort, Kentucky. From June 1995 through March 2023, Mr. Dickson owned and operated a Furniture Medic Franchise in Lexington, Kentucky.

Technical Training Manager: Gina Moss

Ms. Moss has been the Technical Training Manager for Furniture Medic since 2012 and she has served in the same role for Renew Medic since its formation in December 2023 in Memphis, Tennessee.

Director of Revenue: Amy Edwards

Amy Edwards has been the Director of Revenue since January 2025, with responsibilities for revenue management, lead generation and marketing activities in Furniture Medic, AmeriSpec and Renew Medic. Prior to joining TCB Franchising, Ms. Edwards was the Local Sales Director from March 2024 to January 2025 for ServiceMaster BioClean in Memphis, TN. Prior to that, Ms. Edwards served as the National Sales Development Manager for ServiceMaster Restoration from May 2017 to April 2024 in Memphis, TN.

Item 3: Litigation

No litigation is required to be disclosed in this Item.

Item 4: Bankruptcy

No bankruptcy information is required to be disclosed in this Item.

Item 5: Initial Fees

Initial Franchise Fee

The initial franchise fee for a Franchised Business is \$50,000 (the “**Initial Franchise Fee**”). We treat each franchise purchased as a single Franchised Business with its own Franchise Agreement.

At any given time, we may offer discounts of the Initial Franchise Fee and/or incentives of cash, equipment, materials, supplies or related items as an inducement to prospective franchisees. The availability of each incentive may be subject to a time limit.

We currently offer a discount of 10% off the Initial Franchise Fee if you, or the majority of the shareholders, members, or partners of the franchisee entity, were honorably discharged from the U.S. Army, Navy, Air Force, Marine Corps, Space Force or Coast Guard. This discount also is offered through the International Franchise Association’s VetFran Program in which we participate.

The Initial Franchise Fee covers the Initial Training Fee for the first two people. As detailed further in Items 6 and 11, we do charge an Initial Training Fee of \$500 per week, for each additional person attending training.

The Initial Franchise Fee is payable in full upon the execution of the Franchise Agreement. All fees are non-refundable. Except as described above, all fees are uniformly imposed.

Item 6: Other Fees

OTHER FEES

Name of Fee ¹	Amount	Due Date	Remarks
Royalty Fee	The greater of \$250 per month or 7% of Gross Sales, except that the \$250 monthly minimum does not apply to new franchisees for the first the first 12 months after opening the franchised business.	Payment Due Date (as defined in Note 1)	See Note 2 for the definition of Gross Sales. See Note 3 for an explanation of the Royalty Fee. The 12-month waiver of the monthly minimum royalty fee does not apply to transfers or renewals.
National Advertising Fund Contribution	The greater of \$150 per month or 2% of Gross Sales, except that the \$150 minimum does not apply to new franchisees for the first the first 12 months after opening the franchised business.	Payment Due Date (See Note 1)	This fee will be contributed to the National Advertising Fund. The 12-month waiver of the minimum fee does not apply to transfers or renewals.
Local Advertising Spend	2% of Gross Sales per quarter	As incurred	Payable to approved suppliers. We must approve all local advertising before its use. We reserve the right to require you to pay this money to us and we will conduct local advertising on your behalf. We may require our franchisees to form regional advertising cooperatives in their local markets. We require you to spend 2% of Gross Sales per quarter on local advertising.
Renewal Fee	\$2,000 per Franchise Agreement.	Upon renewal	Payable upon renewal of Franchise Agreement. The renewal fee requirement does not apply to you if your Franchised Business was originally purchased before January 1, 2015, and there has been no change in ownership.

Name of Fee ¹	Amount	Due Date	Remarks
Technology Fee	\$200 per month	Payment Due Date	This fee will be used to cover our costs associated with the CRM Operating System and related current or new technology and systems.
Initial Training Fee	No fee is charged for the first two people who attend Initial Training (\$500 per person per week after the first two people).	Due when you register for Initial Training	We do not currently charge an Initial Training Fee for the first two people that attend Initial Training, but we do charge an Initial Training Fee of \$500 per person, per week (the Initial Training lasts for a total of two weeks) after the first two people. When attending Initial Training, you will have to pay any travel, lodging, meals, and other daily living expenses if you attend session in Memphis or for a trainer if the trainer travels to your location. Virtual training options may be available at our discretion.
Additional Training Fee	Optional Training: \$50 - \$1,000 per person	Due when you register for additional training.	Payable if you or your trainees attend additional training programs outside of the Initial Training. Additional training fees are based on our then-current rate per day. When attending additional training, you will have to pay any travel, lodging, meals, and other daily living expenses if you attend session in Memphis or for the trainer's daily living expenses, including travel, lodging and meals, if the trainer travels to your location. Virtual training options may be available at our discretion.

Name of Fee ¹	Amount	Due Date	Remarks
Transfer Fee	\$7,000, except (i) \$3,500 if the transfer is to an owner's adult child who is at least 18 years of age and (ii) no fee if the transfer is to a spouse of an existing owner.	Before completing the transfer.	<p>You or the transferee must pay our then-current Transfer Fee when you or your owners assign or transfer any ownership of the Franchise Agreement, your entity, or the Franchised Business to one or more individuals or entities, in one transaction or a series of transactions. All transfers must be approved by us in advance.</p> <p>Additionally, if you want to transfer any ownership of the Franchise Agreement or the Franchised Business to an entity that you control for the convenience of ownership, then we will not charge a Transfer Fee if this transfer happens within one year of you signing the Franchise Agreement. After the first anniversary of the effective date of the Franchise Agreement, we will charge you our then-current processing fee for a transfer. The Transfer Fee may be subject to applicable state law.</p>
Lead Fee	The greater of (i) 3% of the total selling price or (ii) \$10,000	At closing	Payable if we refer a qualified lead to an existing franchise owner and such lead purchases all or a portion of the franchise owner's business within 18 months of our referral of such lead. See Note 4.
Audit Expenses	Cost of audit, including travel, lodging, and wage expense and reasonable legal and accounting costs	On demand	Payable only if we exercise our audit rights under the Franchise Agreement, and either (1) you do not cooperate with the audit or (2) the audit shows greater than 2% variance from reported Gross Sales information. In addition to the cost of the audit and associated expenses, all underpaid or unpaid fees plus interest must be paid.
Late Fee	\$50.00 due per delinquent fee report	On demand	Payable if your fee report is postmarked after it is due.
Interest on Overdue Payments	1.5% per month on unpaid balances or, if less, the maximum allowable by law	On demand	Payable if you fail to timely pay any amounts owed to us.

Name of Fee¹	Amount	Due Date	Remarks
Change Fee	\$200 per Franchise Agreement.	Before completing a change to the Franchise Agreement.	Payable if adding, deleting, or changing owner's name (other than an owner's spouse); changing business entity name; changing DBA (doing business as) name; or changing business structure. No charge to change DBA name or business structure with Franchisee as new owner of entity during first year of initial term.
National Accounts Work Order Fee	\$7.50 per completed work order	As incurred	Payable to us or one or more of our affiliates for each revenue-producing job or inspection that is run through the software or website used for National Accounts, which is currently Corrigo. This National Accounts Work Order Fee does not apply to MRN leads and jobs. We may increase this fee from time to time, in accordance with any underlying costs incurred by us by our then-current vendor.
Convention Fee	Typically, \$750 to \$1,000 per person	When registered	Payable when you register to attend the annual convention. You are required to attend the annual conventions. You will owe the Convention Fee regardless of your attendance. You are responsible for travel and living expenses. This fee may increase from time to time in order for us to recoup any additional costs in providing the annual convention.
Insurance	Our actual cost of premiums	Upon demand	Payable if you fail to maintain or provide evidence of the required insurance coverage, and we exercise our right to obtain coverage on your behalf.

Name of Fee ¹	Amount	Due Date	Remarks
<i>FEES FOR MRN PROGRAM ONLY:</i>			
MRN Lead Fee	Currently \$75 per revenue-producing lead	Charged the 2nd month after receiving the lead, due by 20th of that same month	Payable for each revenue-producing lead that is run through the then-current software or website used for MRN jobs and program. We may increase the MRN Lead Fee at any time by the greater of (1) an amount equal to any increase in our actual costs to provide the products and services associated with the MRN Lead Fee since the last time we established or increased the MRN Lead Fee, or (2) 20% of the then-current MRN Lead Fee, provided, however, that such 20% increase will not be taken more than once in a calendar year.
MRN Late fee	\$100	As incurred	If you fail to pay an MRN lead fee by the due date, you will be charged a \$100 late fee for each month it is not paid.

Notes:

1. Unless otherwise stated, all fees are uniformly imposed by, payable to or collected by, us, and are nonrefundable; however, we reserve the right to decrease or increase any of the fees for circumstances we believe warrant a decrease or increase, including but not limited to an increase for an underlying increase in costs we incur either directly or through the use of approved vendors. You must participate in our current electronic funds transfer and reporting program(s). For monthly fees, such as the Royalty Fee, Technology Fee and Advertising Contribution (the “**Monthly Fees**”), the fee must be reported by the 10th day of the month and paid electronically by the date specified by us following the month in which Gross Sales are made (currently, the 20th day of the month) (the “**Payment Due Date**”). If you have not reported Gross Sales for any reporting period, we will be authorized to debit your bank account (the “**Account**”) in an amount equal to the greater of the non-reported payment (if we can reasonably estimate or determine the owed amount) or one hundred twenty percent (120%) of the Monthly Fees transferred from such Account for the last reporting period for which a report of Gross Sales was provided to us. If at any time we determine that you have underreported Gross Sales or underpaid any fees due to us under the Franchise Agreement, we will be authorized to immediately initiate a debit to the Account in the appropriate amount, including interest as provided for in this Agreement. An overpayment will be credited to the Account through a credit effective as of the first reporting date after we and you determine that such credit is due.
2. “**Gross Sales**” means all charges that are billed to your customer (including any National Accounts Program or MRN customers) and/or revenues that are received or earned by you, your affiliates, your owners, any related parties (including your officers and family members), and/or your subcontractors: (i) by, at, or in connection with the Furniture Medic franchise or the use of any of the Marks; (ii) relating to the kinds of goods or services available now or in the future through the Furniture Medic franchise and/or distributed in association with the Marks or the System; (iii) relating to the operation of any similar businesses that offers, is otherwise involved in, or deals with goods and services similar to those offered by Furniture Medic franchises; (iv) with respect to any co-branding activities (including goods

or services provided under, or in conjunction with, a mark other than the Marks); and/or (v) with respect to any other revenues of any kind received from third parties related to the operation of the Furniture Medic franchise, including any revenue received from us or our affiliates (such as revenue we or our affiliates collect directly from customers that is related to work performed by you) or from vendors (such as rebates or referral fees). Gross Sales may be reduced by any approved deductions in accordance with the royalty remittance policy described in the Franchise Agreement. Unless otherwise specified in the Operations Manual or by us in writing, Gross Sales includes all revenue at the time billed and must be reported monthly on an accrual basis in the month the work was billed to the customer, regardless of when and if such revenue is collected by you. Unless otherwise specified in the Operations Manual, any expenses related to goods or services provided to you or your customers by any parties related to you (acting as a subcontractor, vendor or otherwise) are not deductible as adjustments from Gross Sales.

3. Royalties are generally understood to be the fees the franchisee pays to use something that someone else created (i.e. the Franchised Business idea and trademarks and branding). Franchisees use our ideas, trademarks and branding to create sales, and a percentage of the Gross Sales is paid to us as a royalty fee in exchange for permission to use our proprietary trademarks and processes.
4. A qualified lead is defined as someone who has passed our screening process, our national background check, credit check, and at a minimum a phone interview of the prospect. We are not responsible for locating leads and do not represent that we will do so. The Lead Fee also covers our advertising and marketing costs and administrative costs of such information sharing and gathering. The Lead Fee is not a Transfer Fee.

Item 7: Estimated Initial Investment

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Amount (Note 1)		Method of Payment	When Due	To Whom Payment Is To Be Made
	Low	High			
Initial Franchise Fee	\$50,000	\$50,000	Lump Sum	When you sign the Franchise Agreement	Us
Training-Related Expenses (Note 2)	\$1,700	\$4,200	As arranged	As incurred	Hotels, restaurants, transportation providers
Initial Supplies, Products, and Equipment (Note 3)	\$5,000	\$23,000	As incurred	As incurred	Approved vendors
Computer and Tablet or Smart Phone (Note 4)	\$1,200	\$2,700	As arranged	Before coming to training	Third-party vendor
Software (Note 5)	\$1,200	\$1,500	As arranged	As incurred	Us and Third-party vendors
Internet Connection (Note 6)	\$45	\$150	As arranged	Monthly	Third-party vendor
Insurance (Note 7)	\$2,500	\$4,500	As arranged	As incurred	Approved insurance carrier
Service Vehicle (Note 8)	\$2,000	\$5,000	As arranged	According to purchase option	Vendor of your choice
Service Vehicle Detail	\$300	\$1,200	Lump sum	As incurred	Approved vendor

Type of Expenditure	Amount (Note 1)		Method of Payment	When Due	To Whom Payment Is To Be Made
	Low	High			
Package (Note 9)					
Real Estate and Improvements (Note 10)	\$0	\$10,000	As incurred	Upon signing lease, plus monthly payments	Landlord
Initial Marketing (Note 11)	\$3,000	\$3,000	As incurred	As incurred	Approved vendors
Additional Funds – 3 months (Note 12)	\$20,000	\$40,000	Lump Sum	As incurred	Local government agencies, utilities, telephone company and other suppliers
TOTAL (Note 13)	\$86,945	\$145,250			

Notes:

1. General. These estimates are for the cost of purchasing one Franchised Business. None of these fees or payments are refundable unless otherwise noted below. Neither we nor our affiliates finance any part of the initial investment. The estimates do not apply to existing franchisees, which may already own many of the items required to be purchased.
2. Training-Related Expenses. This estimate is for the cost for you and one other person to attend our Initial Training, which is described in detail in Item 11. The Initial Franchise Fee covers the cost of Initial Training for two people, as well as some meals. You are responsible for the travel and living expenses, wages, and other expenses incurred by you and any other trainees during the programs. Your actual cost will depend on your point of origin, method of travel, class of accommodations, and dining choices.
3. Initial Supplies, Products and Equipment. You must purchase the initial supplies, products, and equipment necessary to begin your Franchised Business from a list of approved suppliers designated by us in the Operations Manual, and updated from time to time in our sole discretion. We have the right to require you to purchase certain items, including substitute items of equal or greater value if the items are, in our sole discretion, more innovative, improved, and assist you to perform better. Your initial amount of supplies, products, and equipment will cost between \$5,000 and \$23,000 plus any shipping, handling and applicable sales tax due (which are payable on invoice). A franchisee, for both a Furniture Medic Mobile Touch-up Startup and a Furniture Medic Restoration Shop and Mobile Touch-Up Startup, must obtain the supplies, products and equipment necessary to perform the following services: Precision Repair, Moving Claims Repair, Wood Polishing, Millwork, Hardwood Floor Repair, Re-Upholstery, Furniture and Wood Restoration and Repair resulting from water and fire damage. The costs will differ depending on whether you own a Restoration Shop or only have a Mobile Touch-up franchise.
4. Computer and Tablet or Smart Phone. You will need a recent version laptop computer, as well as a tablet or smart phone, with the greatest amount of memory available for such tablet or phone and with a camera for use in your Franchised Business and to serve National Account and MRN customers. You must bring this device with you to Initial Training and it must be operational.
5. Software. The software estimate is the cost of your first month of the required software licenses. The Basic Operating System, which costs \$149 per month is required and must be obtained prior to attending Initial Training. Renewing franchisees must subscribe to this software and pay the monthly fee upon entering into a new Franchise Agreement. Some National Accounts Program customers require use of a third-party vendor, which requires a monthly subscription payment to the vendor and a per work order

fee that is payable to us. The fees and required software may change from time to time.

6. Internet Connection. You must obtain a high-speed Internet connection from a third-party vendor. The estimate is for the first month of services.
7. Insurance. This estimate includes the cost of commercial vehicle and commercial general liability insurance for one van and no more than two employees. The required insurance policies include commercial vehicle and commercial general liability in the amount of \$1,000,000 each with respect to the Franchised Business and with us and our affiliates named as additional insureds. You must also maintain workers' compensation insurance with a minimum of \$500,000 employer's liability coverage for all employees, irrespective of your state requirements to do so, for the term of your agreement, but those rates will vary significantly based on your local laws and have not been included in this estimate. If you are a corporation or a limited liability company, you are required to have Workers' Compensation coverage for all officers or all members. Your personal history, your previous experience, or the state where you live may vary the amount of premiums. Insurance coverage quoted is not available in Alaska or Hawaii and is based on one van and no more than two employees. Details of the plan offered by our suggested source will be supplied.
8. Service Vehicle Down Payment. All Service Vehicles must be bright white with the required Furniture Medic® logos and markings, including your phone number and the URL address to your website. We do not require approval of any specific vendor for the purchase of a Service Vehicle, but we reserve the right to reject a Service Vehicle in our sole discretion. The Service Vehicle price quoted is a down payment, exclusive of tax, tags, title and extra options. The down payment will vary based on the model you choose and your credit. You may use a used Service Vehicle, but no Service Vehicle in use may be older than 7 years.
9. Service Vehicle Detail Package. The Service Vehicle detail package must be purchased directly from our approved vendor. Currently, the package costs between \$300 to \$1,200, plus shipping and handling. The estimated decal installation fee is \$150 to \$200. The price of the Service Vehicle detail package and installation will vary depending on the size of the Service Vehicle.
10. Real Estate and Improvements. We do not require you to buy or lease space for your Franchised Business. You may operate your Franchised Business from your home. If you decide to set up a location outside your home, your initial investment will increase. Your Franchised Business office location must be within your Territory.
11. Initial Marketing Expenses. You will incur marketing costs to promote the opening of your Franchised Business. These figures are only estimates. Actual costs will be determined at your discretion for the amount of marketing you elect to perform in the first 90 days of operations of start-up of your Franchised Business. These figures include estimates for marketing collateral, digital advertising and other typical marketing costs. This estimate does not include ongoing National Advertising Fund Contributions.
12. Additional Funds – 3 Months. This estimates the additional funds you may need to cover additional expenses you will incur before your Franchised Business opens and in its first three months of operation. These expenses may include, without limitation, rent, telephone, Internet, and utility bills, ongoing vehicle payments, attorneys' fees, ongoing software license fees, vehicle license fees, licenses and permits, bank charges and deposits, prepaid expenses, taxes, additional advertising expenses, miscellaneous supplies and equipment, and other miscellaneous items. The estimate assumes you run the business by yourself and does not include payroll costs, including wages, benefits, and payroll taxes. The estimate also does not include any salary or living expenses for you. You may incur other categories of expenses or expenses in excess of this estimate. We have based these figures on our, and our

Immediate and Indirect Predecessors', experience franchising Franchised Businesses.

13. **Total Initial Investment.** Your actual investment and expenditures and initial cash outlay may vary from the amounts shown depending on the choices you make, your local market, and the size of your Territory. If you choose to purchase additional equipment, products, supplies, and vehicles, your expenses may be higher.

Item 8: Restrictions on Sources of Products and Services

Standards and Specifications.

You must purchase the products, equipment, and supplies that you use in your Franchised Business from us, vendors that we approve, or vendors that meet our specifications. Our specifications include standards for customer satisfaction and performance. Our specifications are subject to change, are general in nature, and are designed to assure that you meet our standards of customer satisfaction. We impose these restrictions to safeguard the integrity of the System and the Marks. Specifications and standards are not issued to either franchisees or suppliers.

Approved Suppliers.

You are required to purchase or lease at least one Service Vehicle to operate your Franchised Business and because all sales calls must be made in a Service Vehicle, as your business grows, you may need more than one Service Vehicle. Each Service Vehicle must be painted bright white and display the Marks in a manner that we prescribe and display your phone number and the URL address for your website. We do not require approval of any specific vendor for the purchase of a Service Vehicle, but we reserve the right to reject a Service Vehicle in our sole discretion. The Service Vehicle decals must be purchased from our approved vendor, but you may use a vendor of your choosing to apply them. We may have additional specifications for your Service Vehicle in our Operations Manual, and all specifications for the Service Vehicle are subject to change.

In addition to your required purchase or lease of your Service Vehicle, there may be other required purchases from designated or approved suppliers. You must purchase or lease equipment, products, supplies and services from the supplier(s) we designate, including but not limited to apparel and promotional items to be used in your Franchised Business. Neither we nor our affiliates currently supply any equipment, products, supplies or services to you. If we or our affiliates become an approved supplier in the future, we may charge a reasonable mark-up on equipment, products, supplies and services that you are required to purchase from us. All equipment, products, supplies and services that you purchase must meet our minimum standards and specifications and be from suppliers that we approve.

Insurance. You must, at your expense, procure and maintain insurance policies with the coverage, types, and amounts that we specify in the Operations Manual, on our Intranet, or otherwise in writing. You cannot begin offering services to the public unless you are adequately insured. Our present insurance requirements are:

1. Workers' compensation and occupational disease insurance with \$500,000 employer liability limit as well as such other insurance as may be required by any applicable statute or rule;
2. Commercial general liability insurance, including product liability coverage, with minimum limits of \$1,000,000 per occurrence;
3. Business automobile liability coverage for both owned and non-owned vehicles, with minimum limits of \$1,000,000 bodily injury and property damage;
4. Crime/employee theft (not a bond) with a \$25,000 limit;
5. Such additional coverage and higher policy limits as may reasonably be specified for all franchisees from time to time by us; and

6. All other insurance required by applicable state or federal law.

You are also strongly encouraged to have property coverage for damage to customer property caused by your work or in your care, custody, and control with no exclusion for property of others, which can be provided through General Liability or Property Coverage.

All insurance policies procured and maintained by you must (i) be written by an insurance company satisfactory to us, (ii) name us, our affiliates, and our officers, directors, employees, agents, and partners, as an additional insured (except Workers' compensation policy), (iii) contain endorsements by the insurance companies waiving all rights of subrogation against us for workers' compensation insurance, commercial general liability insurance, and business automobile liability insurance, and (iv) stipulate that we will receive copies of all notices of cancellation, non-renewal or coverage reduction or elimination at least 30 days prior to such event.

If you fail or refuse to maintain any required insurance coverage required or fail to furnish satisfactory evidence of coverage, we may, at our option and in addition to any other rights and remedies we have hereunder, obtain such insurance coverage on your behalf, and any costs of premiums incurred by us in connection therewith shall be paid by you on demand.

Officer Interests. None of our officers have any ownership in our approved suppliers.

Approval Process. If you would like to use a supply or equipment source that we have not approved, you must first submit to us information including product specifications, product components, product performance history, product samples, and any other relevant information. We will evaluate the proposed product considering the technical, wear, and performance properties of the item. We may also consider other factors including design, appearance, product reliability, durability, the manufacturer's warranties, quality control methods and financial ability to stand behind its products. We do not publish our criteria for approving items or suppliers. Our review is generally completed in three weeks, but we have up to 60 days to advise you in writing of our decision. If we do not advise you of our decision within the 60-day period, then your request will be deemed rejected. If an alternative supplier is approved, you may use the approved alternative supplier unless or until our approval is revoked. Approval of alternative suppliers may be revoked if we determine, in our sole discretion, that they no longer satisfy the specifications set forth in the Operations Manual, as it may periodically be updated.

Revenue Earned from Required Purchases. We and our affiliates may derive revenue from your purchases from us, our affiliates, or our approved vendors. Currently, we do not derive revenue from the Service Vehicle detail package.

We currently receive certain rebates from one of your designated suppliers, Walzcrafft, which pays us a 3% commission for sales made to our franchisees. In the year ending on December 31, 2024, we derived less than \$1,000 in revenue from our vendors' sales of supplies to Franchised Businesses, which is less than 1% of our total revenue of \$2,965,097 for the year. This revenue figure has been sourced from our unaudited financial statements.

In the fiscal year ending December 31, 2024, we did not earn any revenue from the required purchases of our franchisees.

Percentage Subject to Specifications. The purchase or lease of required products and services from our approved suppliers will represent approximately 15% to 25% of your overall purchases in establishing a Franchised Business and approximately 20% to 40% of your overall purchases in operating a Franchised Business.

Purchasing or Distribution Cooperatives. As of the Issuance Date of this Disclosure Document, we do not have any purchasing or distribution cooperatives.

Purchase Arrangements. We have negotiated special franchise pricing with some vendors.

Material Benefits or Incentives. We do not provide any material benefits or incentives to you for your purchases of certain products or services or your use of certain suppliers.

Item 9: Franchisee’s Obligations

FRANCHISEE’S OBLIGATIONS

This table lists your principal obligations under the franchise and other agreements. It will help you find more detailed information about your obligations in these agreements and in other items of this Disclosure Document.

Obligation	Section in Franchise Agreement	Disclosure Document Item
a. Site Selection and acquisition/lease	Article I	Items 5, 11, 12
b. Pre-opening purchases/leases	Articles III.A; III.B; V.B, V.C, V.L, V.M	Items 5, 7, 8
c. Site development and other pre-opening requirements.	Articles V.L; V.M	Items 7, 8, 12
d. Initial and ongoing training	Articles III.B, IV.B; IV.C; V.N	Items 5, 7, 11
e. Opening	Articles IV.A; IV.B; V.B; V.M; Telephone Listing Authorization Agreement; Guarantee of Corporate Obligations	Item 11
f. Fees	Articles III; V.C; V.F; V.N; V.O; IX.B.10	Items 5, 6, 7, 10
g. Compliance with standards and policies/operating manual	Articles II.B; V; VI; VIII	Items 8, 11, 12
h. Trademarks and proprietary information	Articles I.A; V.E; V.G; VI; X.B; IX.A.	Items 13, 14
i. Restrictions on product/services offered	Articles I; V.A; V.B; V.C; V.F, V.H; V.I	Items 8, 16
j. Warranty and customer service requirements	Articles V.D; V.H; V.J	None
k. Territorial development and sales quotas	None	Item 12
l. Ongoing product/service purchases	Articles III.G; III.L; V.A; V.G; V.K	Item 8
m. Maintenance, appearance and remodeling requirements	Articles V.A; V.L	Item 13
n. Insurance	Article V.K	Items 7, 8
o. Advertising	Article III.D; III.E; III.K	Items 6, 11, 12
p. Indemnification	Article XIV	None
q. Owner's participation/management/staffing	Articles V.D; V.O; XII	Item 15
r. Records and reports	Article VIII	Item 6
s. Inspections and audits	Articles V.F; VIII.D	Item 6
t. Transfer	Article IX	Items 6, 17
u. Renewal	Article II.B.	Item 17
v. Post-termination obligations	Article XI	Item 17
w. Non-competition covenants	Article XIII	Item 17

Obligation	Section in Franchise Agreement	Disclosure Document Item
x. Dispute resolution	Article XV	Item 17
y. Other (Guaranty)	Article VII.F. and Attachment to Franchise Agreement	Item 15

Item 10: Financing

Neither we nor our affiliates offer direct or indirect financing. Neither we nor our affiliates guarantee your note, lease, or obligation.

We have relationships with certain banks and third-party lenders in different regions and may be able to refer you to a preferred source of financing for Initial Franchise Fees and franchise growth initiatives, but we do not have any arrangements with such lenders and do not receive any benefits from such lenders if you obtain financing from them.

Item 11: Franchisor's Assistance, Advertising, Computer Systems, and Training

Except as listed below, we are not required to provide you with any assistance.

Pre-Opening Assistance. Before you open your Franchised Business, we will:

1. **Territory.** Grant you a nonexclusive license to a Territory and approve an Office location within the Territory. (Franchise Agreement, Article I.A, I.B.2, and IV.A.1.)
2. **Approved Suppliers.** Provide designated sources from which to purchase your initial equipment and supplies for your Franchised Business. (Franchise Agreement, Article IV.A.2)
3. **Initial Training.** Make available to you our Initial Training as described below in this Item. (Franchise Agreement, Article IV.B)
4. **Marketing Materials.** Make available marketing materials, including marketing literature, brochures, and other media proofs and direct sales aids to assist you in your Franchised Business. (Franchise Agreement, Article IV.B.1)
5. **Intranet.** Give you access to our Intranet, which contains our Operations Manual and both mandatory and suggested specification, standards and procedures. Access to our Intranet is password-protected and must be limited to you and your employees only. (Franchise Agreement, Article IV.A.5 and V.G.)
6. **Service Vehicle Detail Package.** Make available the Service Vehicle detail package of logos for use on your Service Vehicles. (Franchise Agreement, Article IV.A.3).

Ongoing Assistance. During the operation of your Franchised Business, we will:

1. **Approved Suppliers.** Provide supplies and equipment to operate the Franchised Business or designate approved suppliers from which you may purchase supplies and equipment to operate the Franchised Business. Review any suppliers or products you propose to use in your Franchised Business and provide you with our decision within 60 days of our receipt of your request. (Franchise Agreement, Article IV.G.)
2. **Marketing Materials.** Update and modify, as we deem necessary, marketing literature, brochures, and other media proofs and direct sales aids to assist you in your Franchised Business. We will also review any marketing materials that you propose. (Franchise Agreement, Article IV.F)

3. Operations Manual. Periodically update the Intranet and our Operations Manual. (Franchise Agreement, Article IV.B.1)
4. Additional Training. Provide additional training to replacement managers and additional training regarding new Franchised Services. (Franchise Agreement, Article IV.C.)
5. National Accounts Program. Manage the National Accounts Program, including receiving customer referrals from National Accounts Program customers and allocating referrals to franchisees. (Franchise Agreement, Article IV.D)
6. MRN. We will evaluate you and determine whether your Franchised Business may participate in the MRN. If you are approved to participate in the MRN, our affiliate, the MRN Administrator may, but is not required to, distribute leads from MRN customers to you. (Franchise Agreement, Article IV.E)
7. National Advertising Fund. Manage the National Advertising Fund and oversee advertising, promotion and marketing programs. (Franchise Agreement, Article IV.I)
8. Website. We will maintain the website for the Furniture Medic System, which will include your Franchised Business' location and telephone number. (Franchise Agreement, Article IV.H)

We do not control, and do not have the right to control, decisions regarding the persons you hire, discipline, or terminate as employees or agents. However, we may take any legal action necessary to enforce our rights under the Franchise Agreement. We also require that you perform background checks and drug testing as allowed by law. These policies will not constitute our representation of approval or disapproval of any prospective employees. In all cases you will remain solely responsible for decisions regarding hiring and maintaining your employees, including determinations of whether the prospective employee meets your hiring and performance standards or is suitable for the employment position.

Time to Open

You must successfully complete our Initial Training within six months from signing the Franchise Agreement. Within 30 days after successfully completing Initial Training, you must begin operating your Franchised Business. Typically, you will begin operating your Franchised Business as soon as you finish Initial Training. We estimate that you will complete Initial Training and begin operating the Franchised Business within 90 to 120 days of signing the Franchise Agreement. (Franchise Agreement, Article V.R.). The factors that may affect this opening time include the date you start your training, how long it takes to procure the required initial equipment and supplies, the time it takes to obtain and wrap the Service Vehicle (as required), the time it takes to obtain all required insurance policies, and, if applicable, when you complete your state-specific licensing, registration, or certification requirements.

Operations Manual

Our Intranet contains the Operations Manual with a total of 189 pages of specifications, standards, and procedures. Exhibit G to this Disclosure Document lists the Tables of Contents of the Operations Manual. Access to our Intranet is password-protected and must be limited to you and your employees only. We may modify the information contained in our Intranet, including the contents of the Operations Manual, from time to time, but the modification will not significantly or materially alter your status and rights under the Franchise Agreement. However, you will be required to conduct the Franchised Business in accordance with any modifications we make to the information contained in our Intranet, including the contents of the Operations Manual. (Franchise Agreement, Article IV.A.4 and V.G.)

Site Selection

Your Franchised Business must operate from one Office location within the Territory. We do not assist you in finding an Office location or negotiate the purchase or lease for you. Generally, we do not own the premises and do not lease it to you. Your Office location must be within the Territory and allow operation of the business for many crews, teams, sales forces and vehicles that may be coming and going from this location. You may locate your Office in your home if such activity in your home is allowed by local ordinances and neighborhood covenants. It is your responsibility to investigate local ordinances and neighborhood covenants for the operation of your business from your selected Office location. Offices are required to be open Monday through Friday 8 a.m. to 5 p.m.

There are no specific factors that we consider when determining if an office meets our approval other than the location must be within your Territory. There are no consequences if you and we cannot agree on an office location.

You may not open a retail service location nor expand operations to more than one location within the Territory without our prior written consent. If you wish to relocate to another Office location, you must obtain our written consent, which will not be unreasonably denied, prior to relocating. To obtain approval for a relocation of the Franchised Business, it must be located within your Territory and the space must be functional for the Franchised Business, which we will be determined in our sole discretion.

We do not conform your Office location to local ordinances and building codes or obtain any required permits. We do not construct, remodel, or decorate your Office location; however, we provide standards for use of the Marks, which includes signage guidelines. We do not provide for necessary office equipment, signs, fixtures, and office supplies.

Advertising

National Advertising Fund. We will maintain and administer the National Advertising Fund (the “NAF”). You will contribute the National Advertising Fund Contribution, which is the greater of \$150 or 2% of your monthly Gross Sales, to the NAF (except the \$150 minimum does not apply for the first 12 months after you open your Franchised Business). Although there are no company-owned stores, all company-owned stores would contribute the same National Advertising Fund Contribution as other franchisees. Any amounts in the NAF that are not spent in any fiscal year will be kept in the NAF for use in future years. Upon written request, we will provide a written statement of the financial condition of the NAF, certified by one of our executive officers. We are not obligated to audit the NAF.

We will determine and budget the specific use of the NAF as we deem necessary. The NAF may be spent by us, at our sole discretion, for (i) national, regional or local media or other marketing techniques or programs designed to advertise and promote the Franchised Services and/or the Marks to consumers, (ii) market research and development, (iii) monitoring and managing social media, (iv) test or target marketing, (v) the conducting of surveys, (vi) creative and production costs, (vii) employee salaries directly or indirectly related to advertising and marketing, (viii) repayment to us or our affiliates for reasonable accounting, administrative and legal expenses associated with the NAF, or (ix) on other expenses related to enhancing and promoting the general recognition of the System and the Marks. None of the NAF is spent on advertising the sale of franchise licenses.

In 2024, the NAF was spent on: digital media and websites (7%); tradeshow (12%); Marketing and Sales Team support (69%); and administrative and miscellaneous expenses (13%). The administrative and miscellaneous expense category accounts for employee/staff salaries and benefits for those who are involved in administrating the NAF, general administrative expenses, professional fees, management fees, and travel expenses for our representatives that travel in connection with the administration of the NAF.

Advertising from the NAF is intended to maximize the public's awareness of the franchise system. We are not obligated to ensure that any individual franchisee benefits directly, on a pro rata basis or at all, from the placement, if any, of such advertising in its local market. We are not required to spend any amount on advertising in your Territory.

We have a National Franchise Council consisting of members from various regions of the country. The members are nominated and elected by their peers and are consulted regarding new ideas for use of the NAF, as well as departures from any existing programs. We may add or remove members and dissolve this council at any time, and we retain control over all decisions related to the NAF.

Besides the NAF, neither franchisees nor company-owned outlets are required to participate in any other advertising funds. However, we retain the right, in our sole discretion, to require participation in other advertising funds in the future.

Local Marketing. You must not use any advertising or promotional materials unless we approve them. If you want to use advertising materials that you develop in accordance with our brand standards, you must submit them to us for approval prior to use. We will respond within five business days with our decision as to whether the materials are approved. If we do not respond within five business days, such materials will be deemed rejected. (Franchise Agreement, Articles III.K and IV.F).

We do not currently have any local or regional advertising cooperatives, but we reserve the right to initiate them in the future (Franchise Agreement, Article III.K.). If we do implement an advertising cooperative, any contribution toward the cooperative shall not exceed the local marketing requirement and shall be credited to local marketing requirement.

Our Marketing. Other than our obligation to administer the NAF, we are not required to conduct any advertising anywhere, including in your Territory. However, we will make available marketing materials including marketing literature, brochures, and other media proofs and direct sales aids to assist you in your Franchised Business. These materials are our property. We will update and modify information as needed. (Franchise Agreement, Article IV.B.1). We may maintain listings that we own and for which we have primary ownership, including Google listings, which you will make use of during the term of your Franchise Agreement.

If you have an advertising and/or marketing concept that you would like us to create and the concept will be useful for the entire franchise network, then we will review it and determine within five business days if it would be advantageous to develop the concept for use by the entire franchise network. If we do not respond within five business days, such materials will be deemed rejected.

Computer Requirements

You must install and use a computer in the operation of your Franchised Business. We currently require you to purchase and use a computer and supporting systems as required by us that meet our minimum specifications, as we may specify from time to time in the Operations Manual.

You must use a laptop computer, as well as a tablet or smart phone for servicing National Account and MRN customers. The cost of such equipment ranges from \$1,200 to \$2,700. In addition, some National Accounts may require the use of an estimating software for uploading claims for services you provide to the accounts. If you accept work from these accounts, you will be required to use the required software.

You are not required, during the term of the Franchise Agreement to upgrade your computer system. However, in the future, software may be developed that may not run on older equipment and you may choose to upgrade your equipment to use the software. If you conduct any optional or required maintenance, updating, upgrading

or utilizing support contracts for the cash registers or computer systems, we estimate the costs will range from \$100 - \$500 annually.

We have independent access to the information that will be generated or stored in any computer system in your business and there are no contractual limits imposed on our access to such data. We do have a right to audit the records of your business. Some of the records which are reviewed in an audit are in the software on your computer system, and we do have a right to examine those records.

Training

Initial Training. Our Initial Training consists of (i) a pre-training program that can be completed at your home online in approximately 50 hours (the “**Pre-Training Program**”) and (ii) a two-week training program that is typically held five times per year at our training center in Memphis, Tennessee (“**Initial Training**”), but may be held virtually when travel or in-person meetings are restricted. You are encouraged to attend Initial Training as quickly as possible after you have completed your Pre- Training Program, which includes the submission of certain forms and materials to us. If fewer than four people are signed up for your scheduled training, we reserve the right to delay training until the next available session of four or more attendees but within six months of the purchase of your Franchised Business.

We provide Initial Training for two people as part of your Initial Franchise Fee and will, at your request, train others you need to have trained on a "space-available" basis. The cost of this Initial Training for two people is included in the Initial Franchise Fee. You must pay an additional training fee of \$500 for each additional trainee attending our in-person training. Prior to attending Initial Training, any trainees must have a medical respirator exam fitting and bring the respirator to training. You and your manager (or the other person you choose) must complete our Initial Training to our satisfaction or re-attend the Initial Training within six months at your own expense. We recommend that all partners or agents who will provide Franchised Services also complete the Initial Training program.

We will provide our training programs to any replacement officer or manager at a cost to be determined from time to time by us.

Our current training program is as follows:

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
<i>Pre-Training:</i>			
Review materials on business, office, and service center set up, marketing, developing a business plan; purchase online medical respirator exam, respirator and respirator fit test for employees working with airborne chemicals.	50	0	At your location
<i>Franchise Initial Training:</i>			
General Business Start-Up and Development (Commercial and Residential Sector, Pricing, FM Support, Customer Service Skills), Respirator Fit Test (Note 4)	10	0	Franchisor’s Training Center, Memphis, TN
Marketing and Sales (Marketing Your Business, Marketing Review and Presentation) (Note 5)	8	0	
Technical Training (Color, Precision Repair,	15	34	

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Refinishing, Image Enhancement, Polishing, Structural Repair)			
Accounting Software Training	16	0	At your location
TOTAL	99	34	

The total hours for Initial Training will vary based on the number of people in each session. Initial Training is conducted in a classroom environment, in a "hands-on" laboratory environment in our Training Center in Memphis, Tennessee, but some or all of it may be held virtually and led by one or more of our instructors. Each technical subject includes hands-on guided application and practice time. Our Operations Manual is provided as instructional material.

Our Initial Training classes are conducted by Gina Moss, our Manager of Technical Training. Ms. Moss has been on our or our affiliates' staff since January 2012. She has over 25 years of experience, including twenty years with her own business specializing in color and finish repair restoration for wood cabinetry, furniture and kitchen cabinet refacing. Additional members of our executive team may participate in portions of Initial Training, but Ms. Moss will be the primary trainer.

Additional Training. We will, in our sole discretion, make available additional training in furniture and wood repair, fabrication, and restoration techniques, and business operations for Franchised Businesses. If you request such training in writing, we will provide it at mutually agreeable times. Otherwise, such training will be at a location and time designated by us or by other reasonable medium.

We may require you and your agents who provide Franchised Services to complete certain additional training programs. All franchisees providing Franchised Services must attend our national convention and successfully complete a training course for each authorized Franchised Service at least once per calendar year. We may charge a reasonable fee for all additional training to offset our costs.

If we host an annual convention of franchisees, you are required to attend the annual convention. If you do not attend the annual convention, you must still pay the convention fee.

If you participate in our MRN, you must be approved by us and the MRN Administrator and may require additional training.

Travel and Living Expenses. You are responsible for paying the travel, living expenses, and wages of you and your trainees during any training programs or conventions, including, without limitation, Initial Training.

Additional Assistance. Even though the Franchise Agreement does not require us to, as of the effective date of this Disclosure Document, it is our current habit to provide a telephone inquiry line for technical advice, business development, product information, marketing and sales assistance and other information related to the day-to-day operation of the Franchised Business. In addition, we currently provide you with access to our Intranet and a monthly newsletter that contains helpful information about your Franchised Business, new developments and other topical items.

Item 12: Territory

We will designate the Territory within which you will perform Franchised Services. We will determine the Territory in our sole discretion based on population, number of single-family households, household income, geographic boundary, and market potential. We use the current United States Census Bureau figures (or other source we decide to use). Your Territory will be listed as Exhibit A-1 to your Franchise Agreement.

You will not receive an exclusive Territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we or our affiliates control. We have the absolute right to establish, or license others to establish, additional Franchised Businesses inside or outside the Territory in our sole discretion. The number of Franchised Businesses licensed to operate in the same Territory may vary from time to time and may not remain constant.

You may market to and solicit customers only within your Territory. Our business is a referral business; therefore, you may also perform Franchised Services for a customer outside your Territory only if an insurance carrier, adjuster, other referral source (including us) and/or a customer initiates the request. You are prohibited from using any channels of distribution (*e.g.*, the internet, catalog sales, telemarketing, or other direct marketing) to market or solicit to referral sources or customers outside of your Territory.

We expect that you will participate in the National Accounts Program. You may accept business from a National Accounts lead that we provide to you even if it comes from outside your Territory. We reserve the right to determine the appropriateness of any allocation of any prospective leads. You are required to honor our obligations to any such National Account customer. There may be a modification or reduction of your rights to your Territory because the National Accounts Program and the MRN Program allows us or our affiliates to award leads from the program at our sole discretion. We do not pay any compensation for leads within your Territory.

Your territorial rights are based solely on compliance with the Franchise Agreement and the Operations Manual, as may be updated from time to time. If you fail to comply with any of your obligations under the Franchise Agreement or the standards and specifications in the Operations Manual, we may reduce the size of your Territory or revoke your right to any protections from sales of other franchisees in your Territory either temporarily or permanently during the term of your Franchise Agreement. There are no sales quotas, but you will be subject to the minimum NAF Contribution and the minimum Royalty. You must not abandon the Franchised Business and must continue to operate it in accordance with the Franchise Agreement.

You must operate or conduct your Franchised Business from only one location within your Territory, unless otherwise approved in writing. You may operate as many crews, teams, sales forces and Service Vehicles as you want, but all phones must be located at and answered from this one location. You may relocate your Franchised Business only with our prior written approval. Our approval will be based upon many factors, including the then-current viability of the proposed location and demographics, number of single-family households, traffic patterns, size of the premises, lease terms, competition, and similar factors. This approval should not be construed as an assurance or guaranty that the new site will be successful or profitable. If we approve the relocation of your Franchised Business, the new location must be within your Territory.

There is nothing in the Franchise Agreement that prevents us from providing the Franchised Services or any other services under the Marks or any other name in your territory. As of the effective date of this Disclosure Document, we have no company-owned operations and have no plans for operating a business under a different trademark for similar services as those you will provide. We market and solicit customers through alternate channels of distribution such as the internet using the Marks. A consumer visiting our web site can search for a Franchised Business within their locale and the consumer can contact the Franchised Business directly via e-mail or a telephone call.

There is nothing in the Franchise Agreement that gives you a right of first refusal or any other right to buy additional Franchised Businesses in any area.

You may operate and market your Franchised Business within the Territory, subject to certain rights reserved to us (as set forth below) and provided you timely pay the minimum NAF Contribution and the minimum Royalty. We reserve the right:

- (a) for our affiliate, the MRN Administrator, to distribute a customer lead (through any channel of distribution) that originates in your Territory to another franchisee outside of your Territory, without any obligation to compensate you for distributing such lead from your Territory to another franchisee outside of your Territory;
- (b) to offer and sell, and grant rights to other franchise owners to offer and sell, any products or services that you do not or will not offer in the Territory whether identified by the Marks or other trademarks or service marks, through any distribution channels we deem best, without any obligation to compensate you for selling such products or services in your Territory; and
- (c) to purchase or otherwise acquire the assets or controlling ownership of one or more businesses identical or similar to your Franchised Business (and/or franchise, license, and/or similar agreements for these businesses), some or all of which might be located within the Territory, without any obligation to compensate you for any business lost to new franchises in your Territory as a result of the consummation of such transaction.

If your Franchised Business participates in the MRN, then you may receive leads from the MRN Administrator or our approved customers. The MRN Administrator will provide leads to you to be performed within your Territory or outside of your Territory. Some customers which utilize the MRN may have individual performance guidelines which you must agree to meet in order to be eligible for their referrals. You do not have any exclusive right to receive leads for jobs to be performed in your Territory. The MRN Administrator has the absolute right to designate and distribute leads or not distribute leads, in its sole discretion, including distributing a lead that comes from within your Territory to another franchisee. The MRN Administrator will evaluate your Franchised Business and if it determines, in its sole discretion, that you meet the MRN standards and requirements, then you may, but are not guaranteed to be, assigned the lead. It is possible that you may receive no leads under this program or under any of our National Accounts programs. You must pay a MRN Lead Fee on all revenue producing leads including inspections.

Further, if you are not MRN approved you will not qualify to receive consideration for MRN job leads for Franchised Services to be provided within your Territory.

Our affiliate, Renew Medic, franchises specialty mitigation and restoration businesses that perform residential and commercial structural cabinet repair, restoration and renewal services (primarily associated with the disaster restoration industry) under the Renew Medic trademarks. Renew Medic may grant franchise licenses to one or more Renew Medic franchisees within your Territory. There are significant differences between the licenses offered to Renew Medic franchisees and Furniture Medic franchisees, including core services to be provided, office and equipment build out and requirements, target customers, target referral sources, and others. Furniture Medic franchisees perform a broad range of restoration services, while Renew Medic franchisees focus on cabinet restoration and disaster relief projects. There are some restoration services that both a Furniture Medic franchisee and a Renew Medic franchisee can perform, and therefore any Renew Medic franchisee(s) within your Territory will be directly competing with you for these jobs. However, Furniture Medic franchisees and Renew Medic franchisees have different efficiencies and capabilities, which we anticipate will naturally drive them to pursue and receive different types of residential and commercial work. Certain Furniture Medic franchisees, that signed their Franchise Agreements before January 2024, were granted the right to operate, and will continue to operate, Franchise Businesses that include services that Renew Medic franchisees are offered, particularly the disaster relief services. These certain Furniture Medic franchisees will be able to continue to offer such services but you will only be permitted to offer the services described in this franchise disclosure document and your Franchise Agreement. Renew Medic maintains the Renew Medic corporate location and training center at the same location that Furniture Medic maintains its training center.

If a customer in your Territory requests a service you cannot or will not offer, then we reserve the right to provide that service through another franchisee or affiliate, including Renew Medic franchisees. Any jobs

already scheduled and assigned to another Franchised Business (or us) in your Territory as of the commencement of business of your Franchised Business, will remain with that Franchised Business (or us). If, at any point, you and a Renew Medic franchisee disagree about your territorial rights, you must cooperate with the other franchisee, Renew Medic, and us to resolve that dispute. We will give due consideration to all input from all parties, but we retain the ultimate decision-making authority for such matters.

Except as described in Item 1 and this Item 12, we do not operate or franchise, or currently plan to operate or franchise, any business under a different trademark that sells or will sell goods or services similar to those that our franchisees sell. However, our affiliates, including the Affiliated Programs described in Item 1 and this Item 12 and other portfolio companies that currently are or in the future may be owned by private equity funds managed by Eagle Merchant Partners, may operate and/or franchise businesses that sell similar goods or services to those that our franchisees sell.

Item 1 describes our current Affiliated Programs that offer franchises, their principal business addresses, the goods and services they sell, whether their businesses are franchised and/or company-owned, and their trademarks. All of these other brands (with limited exceptions) maintain offices and training facilities that are physically separate from the offices and training facilities of our franchise network. Most of the Affiliated Programs are not direct competitors of our franchise network given the products or services they sell, although some are, as described in Item 1 and this Item 12. All of the businesses that our affiliates and their franchisees operate may solicit and accept orders from customers near your business, including within your Territory. Except as described above concerning Renew Medic franchisees, we do not expect any conflicts between our franchisees and our affiliates' franchisees regarding territory, customers and support, and we have no obligation to resolve any perceived conflicts that might arise.

Item 13: Trademarks

If we grant you a franchise, we will grant you the right to operate such franchise under the Marks that we specify in your Franchise Agreement or otherwise in writing from time to time. We may add to, change, or remove Marks from time to time.

In the Acquisition, we acquired the Marks from Immediate Predecessor. Immediate Predecessor registered the Marks listed below on the Principal Register of the United States Patent and Trademark Office (the "USPTO") and filed all necessary affidavits and renewals for such Marks.

Mark	Registration No.	Date of Registration
FURNITURE MEDIC	1,712,243	September 1, 1992
 RX (design mark)	1,882,533	March 7, 1995
FURNITURE MEDIC	4,048,505	November 1, 2011

There are no agreements currently in effect which significantly limit our right to use or license franchisees to use the Marks.

There is currently no litigation involving our Marks or any effective determinations by the U.S. Patent and Trademark Office or any state. There are no pending infringement, opposition, or cancellation proceedings involving our Marks.

The Franchise Agreement grants you the license to do business under the Marks in your Territory only and outside your Territory as outlined in Item 12 and the Franchise Agreement. You must follow all rules stated in the Franchise Agreement and our Operations Manual regarding the use of our Marks. You may only use the Marks when operating your Franchised Business. You may only use the Marks that we license you to use.

You cannot sell any service in your Franchised Business that is not under the Marks.

If you learn of any infringement of the Marks or if any challenge to your use of any Marks is made, you must notify us immediately and you must assist us in prosecution or defense of a legal action. We are not obligated to, but may take whatever action we deem appropriate for infringement on any of our Marks. We are not obligated in the Franchise Agreement (or otherwise) to protect your rights in the Marks, nor are we obligated to indemnify you for losses associated with any infringement of, or challenge to, our rights in the Marks.

We reserve all rights to control any administrative proceedings or litigation involving a Mark licensed by us.

If we modify any of our Marks, you must make the same modification at your own cost. If we stop using any of our Marks, you must also stop using that Mark.

We are unaware of any infringing uses of the Marks that could materially affect your use of the Marks in your business.

Item 14: Patents, Copyrights and Proprietary Information

There are no patents material to the purchase of the Franchised Business, and we do not have any pending patent applications material to the Franchised Business. We or our affiliates claim proprietary rights in the information on our Intranet and in our Operations Manual, advertising and promotional materials, forms and related materials that we or our affiliates produce, although these materials may not have been registered with the Copyright Office of the Library of Congress. The materials are proprietary and confidential and are considered our or our affiliates' property. You may use them only as long as you are a franchisee, and only as provided in the Franchise Agreement.

There are currently no effective determinations of the Copyright Office of the Library of Congress or any court regarding any of our copyrighted materials. There are no agreements in effect that significantly limit our right to use or license the copyrighted materials. We are not aware of any infringing uses of these materials that could materially affect your use of these materials. We are not required by any agreement to protect or defend our or our affiliates' copyrights.

We will be disclosing to you certain information we believe to be confidential or proprietary information and trade secrets. This will include information contained in our Operations Manual, and in materials separately provided to you. You may use these materials, in the manner we approve, in the operation of your business during the term of the Franchise Agreement. However, you may not use these materials in any other way for your own benefit, or communicate or disclose them to, or use them for the benefit of any other person or entity. These materials include any trade secrets, knowledge or know-how, confidential information, advertising, marketing, designs, plans, or methods of operation. This includes information about our sources of supply, and our recommendations on pricing. You may disclose this information to your employees, but only to the extent necessary to operate your business, and then only while the Franchise Agreement is in effect. You are responsible for restricting your employees from improperly using or disclosing our confidential information.

Item 15: Obligation To Participate in the Actual Operation of the Franchise Business

You must devote your full time, energy and best efforts to the management and operation of the Franchised Business, except as otherwise approved in writing by us.

If we allow you not to personally supervise the business, you must employ a manager who will be responsible for direct, on-premises supervision of the business (a “**Manager**”). The Manager must have successfully completed the Initial Training but need not have an ownership interest if you are a corporation, partnership,

or limited liability company. You are responsible for restricting your Manager(s) from improperly using or disclosing our confidential information. At our option, before the Manager is engaged, you must submit to us the proposed candidate's identity and qualifications, and we may accept or reject such candidate based on our commercially reasonable assessment of his/her management experience, qualifications and ability to maintain our standards and specifications, including the terms of the Operations Manual. We will not unreasonably withhold our acceptance if the Manager meets our minimum qualifications and completes the Initial Training. At all times, you must ensure that the Franchised Business is under the direct supervision of someone who has successfully completed training.

If the Manager fails to ensure that the Franchised Business satisfies the terms of the Franchise Agreement and complies with our standards and specifications, including the terms of the Operations Manual, then we may require you to hire a new Manager. You, or the Manager (as applicable) are solely responsible for hiring any personnel of the Franchised Business and determining the terms and conditions of their employment. You (or your Manager) must hire and properly train all personnel.

If you are a corporation, partnership, or limited liability company, we will require all shareholders, partners, or members that own 10% or more of your ownership equity, to sign the Guaranty of Franchisee's Obligations attached to the Franchise Agreement. In addition to providing a personal guaranty, each shareholder, partner, or member that owns any equity in you will be required to sign the Item 23 Receipt attached as Attachment 1 to the Franchise Agreement, prior to signing a Franchise Agreement. Your spouse, if you are an individual, or the spouses of your shareholders, partners, or members if you are a business entity, are not required to sign a Guaranty if the spouse has no ownership interest in the Franchised Business. However, your spouse, if you are an individual, or the spouses of your shareholders, partners, or members if you are a business entity, will be required to sign a Spouse Acknowledgement in the form attached to the Guaranty, by which the spouse acknowledges that we are relying on all assets of you or any guarantor, including jointly owned marital property, in accepting your or the guarantor's obligations. Your spouse, if you are an individual, or the spouses of your shareholders, partners, or members if you are a business entity, must also agree to be bound by the non-competition and non-disclosure restrictions, dispute resolution provisions, and governing law provisions contained in the Franchise Agreement.

Item 16: Restrictions On What the Franchisee May Sell

You must offer and provide the Franchised Services we require. We have the right to change the Franchised Services without limitation. These Franchised Services include furniture and wood repair and restoration services. We must approve in writing any additional service you may want to offer. If you purchase supplies, products or equipment for use in your Franchised Business from anyone other than us, each must be approved by us. You must operate your Franchised Business in strict conformity with the methods, standards, and specifications we may require in the Operations Manual or in writing.

Further, the MRN Administrator has the right to put limitations on MRN leads that it may develop for our MRN approved franchisees. The MRN Administrator assigns leads in its sole discretion and it is possible that you may receive no leads even if you participate in our MRN and National Accounts programs. Procedures, policies and other terms and conditions regarding the MRN are published from time to time on our Intranet.

You must participate in the National Accounts Program and the MRN if it is possible to do so in your Territory. However, some National Accounts and MRN customers or partners, for whatever reason, may decide they do not want to do business with you. If that happens, then, if we determine in our sole discretion to provide the services through another provider, then we or our affiliate or any other franchisee designated by us may provide services for that National Account or MRN customer in your Territory. In addition, we or our affiliates or any other franchisee designated by us, may perform services for any National Account or MRN customer located in your Territory for whom you have declined to provide services for any reason. Neither we, nor our affiliates or any of our franchisees, will be liable or obligated to pay you any compensation for doing so and neither we,

nor our affiliates or any of our franchisees, will be considered in breach of any provision of your franchise agreement or any other agreement between the parties. You must release us, the MRN Administrator and such other franchisees from any liability or obligation to you for providing services to such National Accounts or MRN customer.

We have the right to add additional services that you may be required to offer. You must successfully complete training to our satisfaction for any additional products and services. There are no limits on our right to add additional services, and you may incur additional costs to offer these expanded services and products. See Items 8, 9, and 12 for further details.

Item 17: Renewal, Termination, Transfer and Dispute Resolution

THE FRANCHISE RELATIONSHIP

This table lists certain important provisions of the franchise and related agreements. You should read these provisions in the agreements attached to this Disclosure Document.

Provisions	Article in Franchise Agreement	Summary
a. Length of Franchise Term	II.A.	Term is 5 years from effective date of the Franchise Agreement.
b. Renewal or extension of the term	II.B.	If you meet the conditions in row c., you may enter into a renewal term for an additional, consecutive 5-year term.
c. Requirements for you to renew or extend	II.B.	In order to enter into a renewal term, you must satisfy, in our sole discretion, the following conditions: you must (i) deliver to us written notice 6 to 12 months before the expiration of your Franchise Agreement of your intent to renew your Franchise Agreement; (ii) execute the then-current form of Franchise Agreement, which may contain commitments which differ materially from the terms of your original Franchise Agreement, including an increased Royalty Fee; (iii) execute, along with your affiliates and the owners of each, a general release in our favor; (iv) not have received 4 or more written notices of a material breach of your Franchise Agreement from us during the term of the Franchise Agreement (whether or not the breaches were corrected within the prescribed cure period after receipt); (v) satisfy all monetary obligations then due and owing by you; (vi) agree, in writing, to operate the Franchised Business in accordance with our then-current standards and specifications; and (vii) pay us a renewal fee of \$2,000. If you have not signed the new Franchise Agreement and general release at the end of the term, we may, in our sole discretion, extend your franchise on a month-to-month basis, but, if you have not signed such agreements after 60 days, your Royalty Fee will be increased by 2.5% of gross sales.
d. Termination by franchisee	Not applicable	Franchisee may not terminate this Agreement unless allowed under the law.
e. Termination by franchisor without cause	Not applicable	Not applicable

Provisions	Article in Franchise Agreement	Summary
f. Termination by franchisor with cause*	X.A and X.B	We can terminate only if you have defaulted on your Franchise Agreement or any other agreement between you and us or our affiliates or if you have become the subject of bankruptcy or insolvency proceedings.
g. "Cause" defined – curable defaults	X.C.	You have 30 days to cure: Nonpayment of fees; failure to submit or accurately report Gross Sales, annual Gross Sales in an amount less than 2% or submit any other reports; failure to obtain and maintain a business license; failure to abide by or perform any of the terms of the Franchise Agreement; marketing or sales solicitation outside your Territory; material misrepresentations, maintaining false books or records, submitting false reports; use of unapproved products; failure to complete training in a manner satisfactory to us; unauthorized sale or transfer of license; non-compliance with insurance requirements; default of any provision of the Franchise Agreement, or any other agreement between you, your owner, or your affiliates and us or our affiliates or any other agreement related to the Franchised Business (“ Related Agreement ”).
h. "Cause" defined – non- curable defaults	X.A and X.B.	Non-curable defaults: Insolvency; bankruptcy; abandonment, i.e. 10 consecutive days without providing services, no business phone, no service vehicle; conviction/no contest plea to a felony; 4 or more default notices; unethical business practices; disclosure or misuse of trade secrets or confidential information; any Related Agreement is terminated due to a default by you, your owners, or your affiliates; failure or refusal to sign renewal agreement; material misrepresentation or omission in acquiring the Franchised Business; violating a third-party non-compete by entering into the Franchise Agreement; unauthorized or misuse of the Marks; failure to timely open the Franchised Business; unauthorized relocation; unauthorized transfer or assignment of the Franchised Business; revocation or impairment of our right to effect EFT due to your act or notice; unauthorized representation on behalf of us; knowingly maintaining false books or records; or refusing to allow us to audit you; or defaulting under your lease; or 2 or more suspensions from the MRN or National Accounts Program in any 12 month period.
i. Franchisee’s obligations on termination / non-renewal	XI.A.	Obligations include: stop using the Marks; release phone numbers to us; within 10 days ship everything with the Marks back to us; de-stripe or de-identify van and send photos; pay outstanding fees; return all marketing materials, Operations Manual, etc.; pay the minimum fee for the remainder of the contract term; cease using social media platforms and assign logins to us.
j. Assignment of contract by franchisor	IX.H.	No restrictions on our right to assign.

Provisions	Article in Franchise Agreement	Summary
k. "Transfer" by franchisee – defined	IX.A; IX.B; IX.C; and IX.D.	Includes assignment, sale or other transfer by you of: any interest in the Franchise Agreement; any of the ownership of franchise; the business; sale of capital stock or partnership interest in the business; merger; issuing additional stock; sale of common stock; transfer resulting from divorce or other legal action; transfer as result of death; sale of assets of business
l. Franchisor approval of transfer by franchisee	IX.A and IX.B.	We must approve any transfer of any interest in the Franchise Agreement or the Franchised Business. You must comply with the terms of the transfer policy. Any assignment or transfer without our prior written consent shall be null and void and shall constitute a material breach of the Franchise Agreement.
m. Conditions for franchisor approval of transfer	IX.B.	<p>New owner must: have business experience and financial ability to assume license; assume license obligations; complete training; have service vehicle; and sign the then-current Franchise Agreement.</p> <p>You must: obtain our written consent prior to any assignment or transfer; be current in all fees and not in default of the license; pay applicable transfer fee; sign release in favor of us; sign non-compete in favor of new owner; agree that new owner's installment payments to us are subordinate to new owner's payments to you; replace any missing equipment, supplies or other assets transferred to new owner at your sole expense; fulfill all obligations of the then-current transfer policy; and provide for continuous operations of Franchised Business during transition to new owner.</p>
n. Franchisor's right of first refusal to acquire franchisee's business	XVII.	You must offer to sell your Franchised Business to us in writing for a specific price before selling it to anyone else. We may decline or accept within 60 days of receipt of your offer. Should we decline, you can sell to a third party, but not at a lower price or on more favorable terms than offered to us. If Franchised Business is not sold within six months from the date offered to us, then you must re-offer to sell to us prior to a sale to a third party.
o. Franchisor's option to purchase franchisee's business	XVII.	We do not have the option to buy your Franchised Business.
p. Death or disability of franchisee	IX.D.	Your executor can assign your Franchise Agreement, but we must approve the new owner and the Franchise Agreement must be assigned within six months of the date of death or permanent disability.

Provisions	Article in Franchise Agreement	Summary
q. Non-competition covenants during the term of the franchise	XIII.A and Nondisclosure and Noncompetition Agreement	You, your principals, partners, and their spouses cannot be involved in a business that competes with Franchised Businesses (subject to state law).
r. Non-competition covenants after the franchise is terminated or expires	XIII.B and Nondisclosure and Noncompetition Agreement	You, your principals, partners, and their spouses cannot be involved in a business that competes with Franchised Businesses in the lesser of adjacent counties of the Territory or 75 miles from the outside border of the Territory for two years (subject to state law).
s. Modification of the license	XVI.H.	We may adopt and use new or modified Marks, copyrighted materials, products, equipment or techniques without liability to you and you agree to comply with the modifications even if such modifications.
t. Integration/merger clause	XVI.J.	Only the terms of the Franchise Agreement and other related written agreements are binding (subject to state law). Any representations or promises outside of the Disclosure Document and Franchise Agreement may not be enforceable. Notwithstanding the foregoing, nothing in the Franchise Agreement or any related agreement is intended to disclaim the representations made in the Franchise Disclosure Document
u. Dispute resolution by arbitration or mediation	XV.	All disputes must be resolved by arbitration except those set forth in Article XV.B and where prohibited by your state's law (subject to state law).
v. Choice of forum	XV	Subject to applicable state law, all claims must be arbitrated or litigated in the city in which our principal place of business is located.
w. Choice of law	XV.J	Subject to applicable state laws, Tennessee law applies.

Item 18: Public Figures

We do not use any public figure to promote our franchise sales.

Item 19: Financial Performance Representations

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the disclosure document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Chris Gammill at 57 Germantown Ct. Suite 201, Cordova, Tennessee 38018 and 888-327-4951, the Federal Trade Commission, and the appropriate state regulatory agencies.

Item 20: Outlets and Franchisee Information

As noted in Item 1, Immediate Predecessor was the franchisor of the Furniture Medic[®] system prior to the closing of the Acquisition in March 2023.

An outlet as used in these Item 20 Tables is defined as a franchise territory.

**Table No. 1
Systemwide Outlet Summary for Years 2022 to 2024**

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2022	212	150	-62
	2023	150	127	-23
	2024	126	107	-19
Company-Owned	2022	0	0	0
	2023	0	0	0
	2024	0	0	0
Total Outlets	2022	212	150	-62
	2023	150	127	-23
	2024	126	107	-19

**Table No. 2
Transfer of Franchised Outlets for Years 2022 to 2024**

State	Year	Number of Transfers
CA	2022	7
	2023	0
	2024	1
CO	2022	0
	2023	2
	2024	0
IL	2022	0
	2023	0
	2024	0
NV	2022	0
	2023	1
	2024	0
NY	2022	0
	2023	1
	2024	2

OH	2022	0
	2023	1
	2024	0
OK	2022	0
	2023	1
	2024	0
TN	2022	0
	2023	1
	2024	0
TX	2022	0
	2023	2
	2024	1
Total	2022	7
	2023	9
	2024	4

Table No. 3
Status of Franchised Outlets for Years 2022 to 2024

State	Year	Outlets at the Start of the Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations- Other Reasons	Outlets at the End of the Year
AL	2022	5	0	0	4	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
AR	2022	3	0	1	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
AZ	2022	4	0	0	2	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
CA	2022	24	6	2	10	0	0	18
	2023	18	0	2	0	0	0	16
	2024	16	0	2	0	0	0	14
CO	2022	11	0	1	1	0	0	9
	2023	9	0	0	0	0	0	9
	2024	9	0	0	0	0	0	9
CT	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1

DE	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
FL	2022	11	0	1	2	0	0	8
	2023	8	0	0	1	0	0	7
	2024	7	0	0	1	0	0	6
GA	2022	3	0	0	1	0	0	2
	2023	2	0	1	0	0	0	1
	2024	1	0	0	0	0	0	1
HI	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
IA	2022	3	0	0	1	0	0	2
	2023	2	0	1	0	0	0	1
	2024	1	0	0	0	0	0	1
ID	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
IL	2022	9	0	1	2	0	0	6
	2023	6	0	0	0	0	0	6
	2024	6	0	1	0	0	0	5
IN	2022	3	0	0	2	0	0	1
	2023	1	0	0	1	0	0	0
	2024	0	0	0	0	0	0	0
KS	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
KY	2022	2	0	0	1	0	0	1
	2023	1	0	1	0	0	0	0
	2024	0	0	0	0	0	0	0
LA	2022	2	0	0	1	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	1	0	0	0	0
MA	2022	5	0	0	5	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
MD	2022	4	0	0	1	0	0	3
	2023	3	0	1	0	0	0	2
	2024	2	0	0	0	0	0	2
ME	2022	1	0	0	1	0	0	0
	2023	0	0	0	0	0	0	0

	2024	0	0	0	0	0	0	0
MI	2022	5	0	0	1	0	0	4
	2023	4	0	0	0	0	0	4
	2024	4	0	0	0	0	0	4
MN	2022	2	0	0	0	0	0	2
	2023	2	0	1	0	0	0	1
	2024	1	0	0	0	0	0	1
MO	2022	5	0	0	1	0	0	4
	2023	4	0	0	0	0	0	4
	2024	4	0	1	1	0	0	2
MS	2022	1	0	0	0	0	0	1
	2023	1	0	1	0	0	0	0
	2024	0	0	0	0	0	0	0
NC	2022	8	0	0	4	0	0	4
	2023	4	0	1	0	0	0	3
	2024	3	0	0	0	0	0	3
NE	2022	1	0	0	1	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
NJ	2022	10	0	0	0	0	0	10
	2023	10	0	1	0	0	0	9
	2024	9	0	1	0	0	0	8
NM	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
NV	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
NY	2022	6	0	0	0	0	0	6
	2023	6	0	0	1	0	0	5
	2024	5	0	1	1	0	0	3
OH	2022	6	0	0	1	0	0	5
	2023	5	0	0	1	0	0	4
	2024	4	0	1	1	0	0	2
OK	2022	3	0	0	1	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
OR	2022	6	0	2	0	0	0	4
	2023	4	0	2	0	0	0	2
	2024	2	0	0	0	0	0	2
PA	2022	7	0	0	1	0	1	5

	2023	5	0	0	2	0	0	3
	2024	3	0	0	1	0	0	2
RI	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
SC	2022	4	0	0	2	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
SD	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
TN	2022	8	0	0	2	0	0	6
	2023	6	1	0	0	0	0	7
	2024	7	0	2	0	0	0	5
TX	2022	23	0	1	6	0	0	16
	2023	16	0	2	0	0	1	13
	2024	13	0	0	4	0	0	9
UT	2022	4	0	1	0	0	0	3
	2023	3	0	0	0	0	0	3
	2024	3	0	0	0	0	0	3
VA	2022	10	0	0	1	0	0	9
	2023	9	0	2	1	0	0	6
	2024	6	0	0	0	0	0	6
WA	2022	1	0	0	1	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
WI	2022	1	0	0	1	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
WY	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Totals	2022	212	6	10	57	0	1	150
	2023	150	1	16	7	0	1	127
	2024	127	0	10	9	0	0	107

Table No. 4
Status of Company-Owned for Years 2022 to 2024

State	Year	Outlets at the Start of the Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets sold to Franchisee	Outlets at the End of the Year
Totals	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
	2024	0	0	0	0	0	0

Table No. 5
Projected Openings As of December 31, 2024
For Fiscal Year Ending on December 31, 2025

State	Franchise Agreement Signed but Outlet Not Open	Projected New Franchised Outlets In The Next Fiscal Year	Projected Company-Owned Outlets in Next Fiscal Year
California	0	2	0
Colorado	0	0	0
Florida	0	2	0
Georgia	0	1	0
Kansas	0	0	0
New Jersey	0	0	0
South Carolina	0	1	0
Tennessee	0	2	0
Texas	0	2	0
Total	0	10	0

The name, business address, and business telephone number of each current franchisee as of December 31, 2024, is attached to this Disclosure Document as Exhibit D. The name, last known home address, and telephone number of every franchisee who has had a franchise terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during the most recent fiscal year or has not communicated with us or our affiliates within 10 weeks of the issuance date of this Disclosure Document is attached as Exhibit E. Please note, if you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

We are not offering any existing franchised outlets to prospective franchisees, including those that are still being operated by current franchisees pending a transfer. In the event that we begin to offer any such outlet, specific information about the outlet will be provided to you in a separate Addendum to this Disclosure Document.

We or Immediate Predecessor have entered into confidentiality clauses with former franchisees during the past three years. In some instances, current and former franchisees have signed during the last three years provisions restricting their ability to speak openly about their experiences with us. You may wish to speak with current and former franchisees, but be aware that not all of those franchisees will be able to communicate with you.

We have not created, sponsored or endorsed any trademark-specific franchisee organization associated with our franchise system. No independent franchise organization has requested to be included in our disclosure document.

Item 21: Financial Statements

We began offering franchises in March 2023 and we therefore cannot yet include, three full years of our audited financial statements. We have attached the following financial statements in accordance with the FTC Rule phase-in requirements for financial statements for a franchisor's first full fiscal year selling franchises:

Attached to this Disclosure Document as Exhibit B is (i) the consolidated audited financial statements of Guarantor, as of December 31, 2023 and December 31, 2024, and (ii) Guarantor's Guaranty of our obligations to you under the Franchise Agreement. Because Guarantor was organized on February 24, 2023 and began operating on March 31, 2023, it does not have available, and we cannot yet include, three full years of audited financial statements for Guarantor.

Item 22: Contracts

This Disclosure Document contains the following contracts:

Exhibit A – Franchise Agreement

Attachment 1 to Franchise Agreement – Personal Guaranty

Attachment 2 to Franchise Agreement – Spousal Acknowledgement

Exhibit A-3 to Franchise Agreement – MRN Agreement

Exhibit F – State Addenda to FDD and Franchise Agreement

Exhibit H – General Release

Exhibit I – Franchisee Questionnaire

Item 23: Receipts

Two copies of an acknowledgement of your receipt of this Disclosure Document are included at the end of this Disclosure Document (Exhibit K). You should keep one copy for your file and return the second copy to us.

FDD EXHIBIT A

FURNITURE MEDIC FRANCHISE AGREEMENT

THIS FURNITURE MEDIC FRANCHISE AGREEMENT is signed this _____ day of _____, 20____,
and effective this _____ day of _____, 20____ by and between

**TCB FURNITURE
MEDIC, LLC**

57 Germantown Court
Suite 201
Cordova, Tennessee 38018
(hereinafter referred to as “**FM**”)

AND

doing business as a _____ under the name

 (“dba name”)

 E-mail Address

(hereinafter the “**Franchisee**”)

RECITALS:

WHEREAS, FM has developed a system (hereinafter referred to as the “**System**”) for the marketing of furniture and wood repair products and other furniture and wood restoration, repair, fabrication, and refinishing services (hereinafter referred to as the “**Franchised Services**”);

WHEREAS, FM has created substantial goodwill associated with its trade name, trademarks, service marks, insignias, and logos, both as presently existing and as FM may hereafter designate (hereinafter collectively referred to as the “**Marks**”);

WHEREAS, Franchisee desires to obtain the right to use the Marks in conjunction with the operation of a mobile and/or fixed location furniture and wood repair, restoration, fabrication, and refinishing business in accordance with the System (the “**Franchised Business**”) and desires to obtain experience and know-how from FM with respect to the sale of the Franchised Services and the System; and

WHEREAS, Franchisee acknowledges the importance of the Marks and the need to maintain the uniform high standards of quality, appearance and service associated therewith and recognizes the necessity of operating the Franchised Business in accordance with the provisions of this Agreement and all of the standards and specifications of the System.

NOW THEREFORE, the parties hereby agree as follows:

ARTICLE I: GRANT OF RIGHT

A. Grant of License. Subject to the terms and conditions hereof, FM hereby grants to Franchisee and the Franchisee undertakes the obligation of , the non-exclusive right (hereinafter referred to as the “**License**”) to use the Marks and solely in connection with the Franchised Business, FM’s System, as it may be changed, improved and further developed from time to time in conjunction with the sale of Franchised Services in the territory described in the attached as Exhibit A-1 (hereinafter referred to as the “**Territory**”). The License to perform the Franchised Services under the Marks includes the right to perform furniture and wood restoration, repair, fabrication, and refinishing as outlined in this Agreement and the Operations Manual (as defined below). The Franchisee expressly acknowledges and agrees that this license relates solely to the License specified herein and does not grant the Franchisee any rights not specifically contained in this Agreement. Franchisee understands that other franchisees may be parties to agreements containing more or different rights than contained in this Agreement.

B. Territory. The Franchisee must operate the Franchised Business within the Territory at the office location set forth in the introductory portion of this Agreement. The Territory will be determined by FM. FM has the exclusive right to grant a License for use within the Territory. FM will not grant new licenses for Furniture Medic franchise businesses to maintain office locations or market to customers within the Territory, so long as Franchisee meets the performance criteria outlined in this Agreement (including, but not limited to, paying the NAF Contribution or the Royalty) and the Operations Manual (as defined below), as may be updated from time to time. Franchisee acknowledges and agrees that if a customer, FM or its affiliates, or an insurance carrier initiates a request for a FM franchisee located outside of the Territory to perform Franchised Services within Franchisee’s Territory, then such franchisee may perform the Franchised Services without any obligation to compensate Franchisee. Franchisee may also perform Franchised Services in the territory of another FM franchisee, so long as such Franchised Services were initiated at the request of a customer, FM or its affiliates, or an insurance carrier. If Franchisee fails to comply with any obligations under this Agreement (including, but not limited to, failing to pay the NAF Contribution or the Royalty) or the standards and specifications in the Operations Manual (as defined below), FM may, in its sole discretion, reduce the size of the Territory or revoke Franchisee’s right to any protections in the Territory either temporarily or permanently during the term of this Agreement.

The License to operate the Franchised Business within the Territory is subject to the following provisions:

1. Franchisee shall use its own judgment in determining which promotion, marketing and/or advertising methods it desires to utilize in the solicitation of customers in the Territory subject to Article V, Section D of this Agreement;
2. Franchisee may not market the Franchised Business or solicit an account or business outside of the Territory. Franchisee may perform services for a customer outside of the Territory if a customer, FM or its affiliates, or an insurance carrier initiates the request.
3. FM or its affiliates may acquire businesses that are the same as or similar to the Franchised Business regardless of whether such businesses are located within or outside the Territory.
4. FM or its affiliates may establish and operate, and grant rights to other franchise owners to establish and operate, Franchised Businesses or similar businesses at any locations outside of the Territory and on any terms and conditions FM deems appropriate.
5. FM or its affiliates may offer and sell, and grant rights to other franchise owners to offer and sell, any Franchised Services and/or related products or services identical or similar to those the Franchised Business sells or offers, inside or outside of Franchisee’s Territory, whether identified by the Marks or other trademarks or service marks, through any distribution channels FM deems best and without any obligation to compensate Franchisee for selling such products or services in the Territory.
6. FM or its affiliates may purchase or otherwise acquire the assets or controlling ownership of one or more businesses identical or similar to the Franchised Business (and/or franchise, license, and/or similar agreements for these businesses), some or all of which might be located within the Territory.
7. FM and its affiliates may offer and sell, and grant rights to other franchise owners to offer and sell, any products or services that Franchisee does not or will not offer in the Territory whether identified by the Marks or other trademarks or service marks, through any distribution channels FM deems best, without any obligation to compensate Franchisee for selling such products or services in the Territory.
8. FM and its affiliates may be acquired (regardless of the form of transaction) by a business identical or similar to Franchised Businesses.

9. FM and its affiliates may engage in any other business activities not expressly prohibited by this Agreement, anywhere.

Franchisee may only relocate to another office location within the Territory if Franchisee receives FM's prior written approval for any such relocation. FM may grant or withhold approval for a relocation, in its sole discretion. FM may base its approval on many factors, including the then-current viability of the proposed location and demographics, number of single-family households, traffic patterns, size of the premises, lease terms, competition, and similar factors. Any approval by FM of a relocation is not an assurance or guaranty that the new site will be successful or profitable.

C. National Accounts Program. FM has entered into agreements with several customers who have access to consumers wanting the Franchised Services (the "**National Accounts Program**"). Through this National Accounts Program, these consumers are referred to FM and FM then allocates these leads to Furniture Medic franchisees, in its sole discretion. If Franchisee participates in the National Accounts Program, Franchisee must adhere to the terms and conditions set out in the National Accounts agreements, including any pricing requirements, when Franchisee supplies Franchised Services for a National Accounts customer, and Franchisee must work for all participating National Accounts. Franchisee has the option of declining a lead from the National Accounts Program, but Franchisee must refer the lead back to FM.

Franchisee must participate in the National Accounts Program if FM approves Franchisee to do so. However, some National Accounts Program customers, for whatever reason, may decide they do not want to do business with Franchisee or refer their consumers to Franchisee to receive Franchised Services. If that happens and FM determines in its sole discretion to provide the Franchised Services through another provider, then FM or its affiliates or any other Furniture Medic franchisee designated by FM may provide such Franchised Services for that National Accounts Program customer in Franchisee's Territory. In addition, FM or its affiliates or any other Furniture Medic franchisee designated by FM, may perform Franchised Services for any National Accounts Program customer located in Franchisee's Territory for whom Franchisee has declined to provide services for any reason. Neither FM, nor FM's affiliates or any of its franchisees, will be liable or obligated to pay Franchisee any compensation for performing Franchised Services in these circumstances and neither FM, nor its affiliates or any of its franchisees, will be considered in breach of any provision of this Agreement or any other agreement between FM or its affiliates and Franchisee.

Franchisee understands that FM will establish the rules under which Franchisee will participate and be compensated for participation in the National Accounts Program and FM may terminate or modify the National Accounts Program, in its sole discretion. All leads are owned by FM and assigned solely at FM's discretion. Franchisee acknowledges and agrees that they may not receive and are not entitled to receive leads and/or jobs from the National Accounts Program, and that if they do receive such leads or jobs: (a) those leads or jobs may not be distributed equally; (b) the model for distributing those leads will be designed in FM's sole discretion and may be modified from time to time; (c) National Accounts Program customers may limit the number of participating franchisees in a market and direct work to specific franchisees; and (d) lead and/or job volume varies greatly across the United States, and that some geographic regions have few or no leads/jobs.

D. Medic Restoration Network. Some of the National Accounts Program partners require Franchisees to participate in the Medic Restoration Network ("**MRN**"), which is a program that is operated by our affiliate, Medic Restoration Network, LLC, a Delaware limited liability company (the "**MRN Administrator**"). The MRN Administrator negotiates, facilitates, and manages relationships with customers for leads on household contents damaged during a water, fire or other household or commercial disaster event, for the benefit of our franchisees. Under the MRN, the MRN Administrator provides to customers a network of approved participating Furniture Medic franchisees that have met the MRN standards as set forth in the MRN Agreement, the current form of which is attached to this Agreement as **Exhibit A-3** (the "**MRN Agreement**"), as may be revised from time to time as published on the Intranet (as defined below). Franchisee must enter into the MRN Agreement at the same time as this Agreement. Some customers which utilize the MRN may have individual performance guidelines which Franchisee must agree to meet in order to be eligible for their lead referrals.

FM must approve Franchisee to participate in the MRN. If approved by FM to participate, Franchisee must participate in the MRN. To be approved, Franchisee must demonstrate that it meets certain standards and performance requirements concerning furniture and contents restoration. FM will evaluate the Franchised Business and determine,

in its sole discretion, if Franchisee meets the MRN standards and requirements. MRN leads are distributed to franchisees based on several criteria and in the MRN Administrator's sole discretion. If Franchisee participates in the MRN, there is no guarantee that Franchisee will receive any leads through the MRN. Lead flow in the MRN varies widely depending on the territory. Some territories may receive no leads. Franchisee has no right to receive leads from the MRN. Franchisee has the option of declining a lead from MRN, but it must refer the lead back to the MRN Administrator.

If an MRN partner, for whatever reason, decides they do not want to do business with Franchisee, then FM or the MRN Administrator may determine, in their sole discretion, to provide the Franchised Services through another provider (e.g. FM, its affiliates or any other Furniture Medic franchisee) in Franchisee's Territory. In addition, FM or its affiliates or any other Furniture Medic franchisee designated by FM, may perform Franchised Services for any MRN customer located in Franchisee's Territory for whom Franchisee has declined to provide services for any reason. Neither FM, nor FM's affiliates or any of its franchisees, will be liable or obligated to pay Franchisee any compensation for performing services in these circumstances and neither FM, nor its affiliates or any of its franchisees, will be considered in breach of any provision of this Agreement or any other agreement between FM or its affiliates and Franchisee.

E. Pricing. Franchisee shall be free to set and determine its own pricing structure for Franchised Services sold and rendered under the terms of this Agreement. Franchisee may request suggested pricing from FM but all prices charged shall be solely at the discretion of Franchisee. If a Franchisee chooses to participate in the National Accounts Program then the Franchisee may have to abide by the negotiated pricing of the program.

ARTICLE II: TERM AND RENEWAL

A. Initial Term. Except as otherwise provided in this Agreement, the term of this Agreement and the License granted hereunder shall be for a period of five (5) years from the effective date hereof ("**Initial Term**").

B. Renewal Term. The parties shall also have the option to renew the License to operate the Franchised Business for an additional consecutive five (5) year term (the "**Renewal Term**", and together with the Initial Term, the "**Term**"), provided that by the end of the Initial Term of this Agreement, Franchisee meets, in FM's sole discretion, the following conditions:

1. Franchisee must deliver to FM, not less than six (6) months and not more than twelve (12) months prior to the expiration of this Agreement, written notice of Franchisee's intent to renew this Agreement;
2. Franchisee must execute the then-current form of franchise agreement (the "**Renewal Franchise Agreement**"), which shall supersede this Agreement in all respects and terms, and may contain commitments which differ from the terms of this Agreement, including, without limitation, an increased monthly Royalty Fee;
3. Franchisee and its affiliates, and the Owners (as defined below) of each must execute a general release, except for any claims exclusively related to the successor franchisee (where expressly so required by applicable law);
4. Franchisee must not have received four (4) or more written notices, signed by an officer of FM, of a material breach of this Agreement from FM during the Term of this Agreement, whether or not the breaches were corrected within the prescribed cure period after receipt of written notice of the breach;
5. All monetary obligations then due and owing by the Franchisee or its affiliates related to the Franchised Business must be satisfied prior to renewal;
6. Franchisee must agree in writing to operate the Franchised Business in accordance with FM's then-current standards and specifications; and
7. Franchisee must pay FM a renewal fee of \$2,000 (unless otherwise specified in Article II, Section E.).

C. Non-renewal. If (i) Franchisee delivers to FM, not less than six (6) months and not more than twelve (12) months prior to the expiration of this Agreement, written notice of Franchisee's intent to not renew this Agreement or (ii) FM determines, in its sole discretion, that Franchisee cannot satisfy the renewal conditions, this Agreement shall expire at the end of the then-current term.

D. Temporary Extension. If Franchisee fails to execute the Renewal Franchise Agreement and general release and

complete the renewal process by the expiration of the Initial Term and Franchisee intends to continue operating the Franchised Business, then, in FM's sole discretion, the term shall continue on a month-to-month basis provided, however, that FM shall have the right at any time to terminate this Agreement upon its issuance of a written Notice of Termination (the "**Termination Notice**") to Franchisee, which termination shall be effective immediately upon Franchisee's receipt of, or refusal to accept, such Termination Notice (or on the termination date specified in the Termination Notice, if different). If Franchisee fails to fully and completely execute the Renewal Franchise Agreement and general release and complete the renewal process within sixty (60) days of the commencement of a month-to-month holdover, then effective immediately thereafter, the monthly Royalty Fees payable under Article III, Section C shall increase by an amount equal to 2.5% of Gross Sales during each month that Franchisee does not renew until the Agreement is either renewed or terminated. By accepting any increased Royalty Fees, FM does not waive any of its rights and remedies under this Agreement including, without limitation, the right to terminate this Agreement pursuant to its terms and all such rights and remedies shall be cumulative of every other right or remedy.

E. Exceptions to Renewal Fee. For those franchised territories that were originally purchased prior to January 1, 2015, and if the ownership conditions remain as they were on the later of the date of original signature or January 1, 2015, the following exemption from renewal fees will apply:

1. Notwithstanding Article II, Section B, so long as the persons bound by this Agreement or their adult qualified immediate family members by succession or transfer, remain the only persons bound by this Agreement at the time of renewal of this Agreement or any successor Agreement, any renewal agreement at that time will have no fee payable upon renewal. Any other change in ownership will nullify the exemption from paying renewal fees contained in this section.
2. Notwithstanding Article II, Section B, for those franchised territories owned by a corporation, limited liability company or other legal entity, so long as those persons (or their adult qualified immediate family members by succession or transfer) owning 66 percent or more of the voting and 66 percent or more of the non-voting interest in the corporation, limited liability company or other legal entity constituting the Franchisee, or their heirs by succession or transfer, remain the owners of the franchised entity at the time of renewal of this agreement or any successor agreement, any renewal agreement at that time will have no fee payable upon renewal. In the event that a transfer or series of transfers results in the current owners (or their adult qualified immediate family by succession or transfer) having less than 66 percent of the voting or less than 66 percent of the non-voting interest in the corporation, limited liability company, or other legal entity constituting the Franchisee, than the exemption from paying a renewal fee in this section will be null and void and the Franchisee will be required to pay a renewal fee in accordance with Article II, Section B.7.
3. For purposes of Article II, Section B.7., immediate family members include the following: spouse, child, stepchild (if adopted), grandchildren (but only if the grandchildren are from a child or adopted step child), daughter-in-law, or son-in law. Immediate family member includes siblings, but only if the sibling was originally an owner of the business or if they obtained ownership in a qualified transfer under this section.
4. For purposes of clarification, all franchised territories that were originally purchased after December 31, 2014, and all franchised territories that have changed ownership conditions on or after December 31, 2014 (except as permitted in Article II, Section B) will be required to pay the then-current renewal fee on all franchised territories.

ARTICLE III: INITIAL AND CONTINUING FEES

A. Initial Franchise Fee. Franchisee shall pay to FM the Initial Franchise Fee of Fifty Thousand and xx/00 Dollars (\$50,000) when it returns a signed version of this Agreement to FM, unless this is a Renewal Franchise Agreement. The Initial Franchise Fee is fully earned and nonrefundable upon execution of this Agreement by FM.

B. Training Fees. FM will train Franchisee's first two trainees as part of the Initial Franchise Fee. In the event Franchisee requires more than two individuals to attend initial training, then Franchisee agrees to pay the then-current training fee (the "**Training Fee**") per additional trainee(s) upon registration of these additional trainee(s) by Franchisee, which covers the various training materials provided to the additional persons attending training and other expenses for two weeks. Currently, the Training Fee is \$500 per week, per person. If Franchisee or its trainees attend additional training programs after the initial training, then additional training fees are determined by FM's cost of providing it. All training fees are fully earned and nonrefundable upon registration of the additional trainee(s) by Franchisee. When attending in-person training, Franchisee must pay for any travel, lodging, meals, and other daily living expenses for Franchisee and its trainees, or for a trainer, if a trainer travels to Franchisee's location. Virtual

training options may be available at FM's discretion.

C. Royalty Fees.

1. Once Franchisee opens the Franchised Business, Franchisee shall pay FM a continuing monthly royalty fee (the "**Royalty Fee**") of the larger of (i) seven percent (7%) of Gross Sales or (ii) \$250 (the "**Minimum Royalty**"). Royalty Fees shall be paid by the day of the month specified on the Intranet following the month in which the Gross Sales are made.
2. During the first twelve (12) months after opening the Franchised Business (the "**Grace Period**"), the Franchisee shall pay a Royalty Fee based only on actual Gross Sales. This Grace Period shall not apply to transfer, renewal, or amended agreements. Moreover, the Grace Period does not affect or in any way alter the Franchisee's obligation to pay all monthly Royalty Fees for services performed by the Franchisee during the Grace Period.
3. "Gross Sales" as used in this Agreement, shall be defined as all charges that are billed to your customer (including any National Accounts Program or MRN customers) and/or revenues that are received or earned by you, your affiliates, your owners, any related parties (including your officers and family members), and/or your subcontractors: (i) by, at, or in connection with the Furniture Medic franchise or the use of any of the Marks; (ii) relating to the kinds of goods or services available now or in the future through the Furniture Medic franchise and/or distributed in association with the Marks or the System; (iii) relating to the operation of any similar businesses that offers, is otherwise involved in, or deals with goods and services similar to those offered by Furniture Medic franchises; (iv) with respect to any co-branding activities (including goods or services provided under, or in conjunction with, a mark other than the Marks); and/or (v) with respect to any other revenues of any kind received from third parties related to the operation of the Furniture Medic franchise, including any revenue received from us or our affiliates (such as revenue we or our affiliates collect directly from customers that is related to work performed by you) or from vendors (such as rebates or referral fees). Gross Sales may be reduced by any approved deductions in accordance with the royalty remittance policy described in the Franchise Agreement. Unless otherwise specified in the Operations Manual or by us in writing, Gross Sales includes all revenue at the time billed and must be reported monthly on an accrual basis in the month the work was billed to the customer, regardless of when and if such revenue is collected by you. Unless otherwise specified in the Operations Manual, any expenses related to goods or services provided to you or your customers by any parties related to you (acting as a subcontractor, vendor or otherwise) are not deductible as adjustments from Gross Sales.
4. Except as prohibited by applicable local, state or federal laws, FM reserves the right to apply any amount FM receives from or on behalf of Franchisee to Royalty Fees and/or supply account amounts then due and owing.

D. National Advertising Fund Contribution.

1. Once Franchisee opens the Franchised Business and in addition to other fees and charges provided for herein, Franchisee shall pay to FM a National Advertising Fund Contribution ("**NAF Contribution**") of the larger of (i) \$150 or (ii) two percent (2%) of Gross Sales. NAF Contribution payments shall be paid by the day of the month specified on the Intranet following the month in which the Gross Sales are made.
2. During the Grace Period, the Franchisee shall pay a NAF Contribution based only on actual Gross Sales. This Grace Period shall not apply to transfer, renewal, or amended agreements. Moreover, the Grace Period does not affect or in any way alter Franchisee's obligation to pay all monthly NAF Contributions for services performed by the Franchisee during the Grace Period. This rate is applicable only to new Franchisees through new sales or transfers.
Existing Franchisees who have a Franchise Agreement effective prior to April 1, 2013, shall be allowed to continue to pay a NAF Contribution equal to the greater of \$50 or 1% of Gross Sales until their second Franchise Agreement renewal after April 1, 2013. At the second renewal, these Franchisees will be required to begin paying at the then-current NAF Fee contained in the then-current Franchise Agreement.
3. FM spends contributions accumulated in the NAF on national, regional and local media and other market techniques or programs designed to communicate the Franchised Services to the public, including advertising support for the National Accounts Program and the MRN, whether or not Franchisee participates in the National Accounts Program or the MRN. In addition, these funds may also be expended by FM, in its discretion, for market research and development, monitoring and/or managing social media relating to the System, testing or target marketing, the conducting of surveys, creative and production costs, employee salaries related to advertising and marketing, reimbursement to FM for reasonable accounting, administrative and legal expenses associated with the NAF, or for other purposes deemed appropriate to enhance and

promote the general recognition of the System and Marks.

4. The specific use of the NAF for the purposes set forth herein shall be determined and budgeted by FM as deemed necessary. Franchisee hereby acknowledges and understands that funds in the NAF may be expended in any territory (national, regional or local) without any requirement that expenditures of the NAF be apportioned on the amount of contributions by Franchisee, or by other formula or system.

E. Technology Fee. In addition to other fees and charges provided for herein, Franchisee shall pay to FM a monthly technology fee (the “**Technology Fee**”) that covers FM’s costs associated with current and/or new technology systems that are used in the System. Currently, the Technology Fee is \$200 per month, but this fee may be increased from time to time by FM, upon notice to Franchisee. Technology Fee payments shall be paid by the day of the month specified on the Intranet following the month in which the Gross Sales are made.

F. Payment Methods. The Franchisee must participate in FM’s then-current electronic funds transfer and reporting program(s). The Franchisee will report Gross Sales and pay monthly Royalty Fees, Technology Fees and NAF Contributions (together, the “**Monthly Fees**”) due via online reporting, or in any other manner as designated by FM, by the dates specified by FM from time to time on the Intranet or otherwise in writing. If Franchisee fails to have sufficient funds available to pay any Monthly Fees, interest and delinquency fees will be applied to Franchisee’s account as outlined below. In addition, Franchisee agrees to pay any expense incurred by FM, including costs and attorneys’ fees, for the collection of such Monthly Fees. If the Franchisee has not reported Gross Sales for any reporting period, FM will be authorized to debit Franchisee’s bank account (the “**Account**”) in an amount equal to the greater of the non-reported payment (if FM can reasonably estimate or determine the owed amount) or one hundred twenty percent (120%) of the Monthly Fees transferred from such Account for the last reporting period for which a report of Gross Sales was provided to FM. If at any time FM determines that the Franchisee has underreported Gross Sales or underpaid any fees due to FM under this Agreement, FM will be authorized to immediately initiate a debit to the Account in the appropriate amount, including interest as provided for in this Agreement. An overpayment will be credited to the Account through a credit effective as of the first reporting date after FM and the Franchisee determine that such credit is due.

G. Date Due: Interest. All Monthly Fees required by this Article III shall be reported to FM by the day of each month specified by FM and must be paid to FM by the day of each month specified by FM for sales in the previous calendar month. Any payment or report not actually received by FM on or before such date shall be deemed overdue. If any payment owed to FM for any outstanding amount is overdue, the Franchisee shall pay FM, in addition to the overdue amount, interest on such amount from the date it was due until paid at the rate of one and one-half percent (1.5%) per month or the maximum rate permitted by law, whichever is less. If any fee report is overdue, the Franchisee shall pay to FM a delinquency fee of \$50 per delinquent fee report. Entitlement to such interest and/or the delinquency fee shall be in addition to any other remedies FM may have. The Franchisee understands that FM may, at FM’s discretion, assign the payment of such fees and the submission of the monthly reports to a third party.

H. National Accounts Program Work Order Fee. Franchisee must pay to FM or one or more of its affiliates the then-current National Accounts Program work order fee (the “**National Accounts Work Order Fee**”) for each revenue-producing job or inspection that is run through the then-current software or website used for the National Accounts Program. Currently, the National Accounts Work Order Fee is \$7.50 per work order. The National Accounts Work Order Fee must be paid through FM’s then-current electronic funds transfer and reporting program(s). FM may increase this fee from time to time when FM incurs additional underlying costs from its then-current software provider for the National Accounts Program.

I. MRN Fees. Franchisee must pay to FM or one or more of its affiliates the then-current MRN lead fee (the “**MRN Lead Fee**”) for each revenue-producing job or inspection that is run through the then-current software or website used for the MRN. FM or one or more of its affiliates will charge Franchisee on the second month after receiving the lead, and the MRN Lead Fee will be due by the 20th of such month. Currently, the MRN Lead Fee is \$75 per job or inspection. Franchisor may increase the MRN Lead Fee at any time by the greater of (1) an amount equal to any increase in franchisor’s actual costs to provide the products and services associated with the MRN Lead Fee since the last time franchisor established or increased the MRN Lead Fee, or (2) 20% of the then-current MRN Lead Fee, provided, however, that such 20% increase will not be taken more than once in a calendar year. If Franchisee fails to pay the MRN Lead Fee by the due date, it will be charged a \$100 late fee for each month it is not paid.

J. Local Advertising Spend; Cooperatives. Franchisee must spend at least 2% of Gross Sales per quarter on local advertising, promotional and marketing activities in the Territory (the “**Minimum Local Advertising Spend**”). All advertising, promotional, and marketing activities conducted by Franchisee in the Territory will be subject to the prior approval of FM. Franchisee will submit to FM all local advertising, promotional, and marketing plans, as required by FM. The Minimum Local Advertising Spend is payable to the applicable marketing vendor; provided, however, FM reserves the right to require Franchisee to pay the Minimum Local Advertising Spend to FM, with FM conducting local advertising on Franchisee’s behalf. FM may further require Franchisee to form a regional advertising cooperative with other franchisees in Franchisee’s local market.

K. Payments by FM on Franchisee’s Behalf. Franchisee must pay to FM or one or more of its affiliates, within 15 days after any written request by FM or such affiliate which is accompanied by reasonable documentation, any monies which FM or any of its affiliates have paid (or have become obligated to pay) that Franchisee owed to a third party or that Franchisee was obligated to pay a third party as part of the System.

L. Franchisee May Not Withhold Payments. Franchisee shall not withhold any payments whatsoever due to FM. No endorsement or statement on any check or payment of any sum less than the full sum due to FM shall be construed as an acknowledgment of payment in full or an accord and satisfaction, and FM may accept and cash such check or payment without prejudice to its right to recover the balance due or pursue any other remedy provided herein or by law. FM may apply any payments made by the Franchisee against any past due indebtedness of Franchisee as FM may see fit. FM may set off against any sums payable to Franchisee hereunder any unpaid amounts due from Franchisee to FM.

ARTICLE IV: OBLIGATIONS OF FM

FM will provide Franchisee with the assistance described below, either directly or through one or more of its affiliates. All references in this Article IV below to FM are inclusive of FM’s affiliates.

A. Pre-Operating FM will:

1. designate the Territory;
2. designate sources from which to purchase Franchisee’s initial equipment and supplies for the Franchised Business;
3. make available to Franchisee the Service Vehicle Detail Package of logos for use on Franchisee’s Service Vehicles;
4. give Franchisee access to FM’s confidential operations manual (the “**Operations Manual**”); and
5. give Franchisee access to FM’s confidential intranet site (the “**Intranet**”).

B. Training FM shall provide two (2) people with a two-week initial training program (the “**Initial Training**”) including the following:

1. Loaning to Franchisee operations and marketing materials, including access to the Intranet and the Operations Manual for the Term of this Agreement, and sales and training aids, including a home study program, deemed advisable by FM from time to time. FM shall provide, from time to time, updated information and revisions to such materials as new and improved methods, systems, and procedures are adopted; and
2. Providing a training program relating to the Franchised Services and the System consisting of a mandatory pre-training program course of study which must be completed before Franchisee may attend the Initial Training in Memphis, Tennessee, or other locations as deemed appropriate by FM. The cost of this training is included in the Initial Franchisee Fee and covers two (2) individuals. Franchisee will be responsible for all travel and living expenses incurred in obtaining training. Additional individuals may be trained but will be accepted on a "space available" basis, at Franchisee’s expense. At the end of this Initial Training, Franchisee owner or the Manager operating the business will be tested. If Franchisee owner or the Manager fails the test, Franchisee owner or the Manager, as applicable, must re-attend Initial Training within six (6) months at his or her own expense.
3. Any further additional training shall be available at the request of Franchisee, in which personnel of FM for the then-current rate per day, plus expenses to include travel, lodging and meals, will train at the sole discretion of FM.

C. On-Going Training.

1. FM may, in its sole discretion, make available to Franchisee additional training in furniture and wood repair and restoration techniques and business operations for the Franchised Business granted to Franchisee after business operations have begun and at mutually agreeable times when requested by Franchisee in writing. Such training will be at a location and time designated by FM or by other reasonable medium.
2. FM may, in its sole discretion, provide periodic training and communications to upgrade the skills of Franchisee, including training at conventions and seminars, at locations to be determined by FM. FM may require Franchisee to attend periodic training sessions. Franchisee shall pay for travel and daily living expenses incurred to attend the training and seminars.
3. FM may host an annual convention for the System. If FM does host a convention, then Franchisee must attend and pay the then-current fee for participation. If FM does host a convention but Franchisee fails to attend, then Franchisee must still pay the then-current fee for participation.
4. FM may charge a reasonable fee for these additional training sessions to offset costs.

D. Management of National Accounts Program.

1. All referrals from the National Accounts Program shall be allocated to FM, who, in turn, shall allocate such referrals to its franchisees or other vendors at its sole unrestricted discretion.
2. FM may, at its sole discretion, allocate referrals from the National Accounts Program that originated within Franchisee's Territory to other franchisees or service providers outside of Franchisee's Territory and may allocate referrals from the National Accounts Program to others inside Franchisee's Territory.
3. FM may, in its sole discretion enter into National Account Agreements with any National Account at any time.
4. FM may, in its sole discretion, terminate any National Account Agreement.
5. FM may remove access to the National Accounts Program if Franchisee is in default under this Agreement.

E. Management of MRN.

1. FM and/or MRN Administrator will determine, in their sole discretion, whether Franchisee is qualified to participate in the MRN.
2. All referrals from the MRN shall be allocated to MRN Administrator, who, in turn, shall allocate such referrals to FM's franchisees, other franchisees of MRN Administrator's affiliates' brands, or other vendors, at its sole unrestricted discretion.
3. MRN Administrator may, at its sole discretion, allocate referrals from the MRN that originated within Franchisee's Territory to other franchisees or service providers outside of Franchisee's Territory and may allocate referrals from the MRN to others inside Franchisee's Territory.
4. MRN Administrator or FM may, in its sole discretion, enter into MRN Agreements with any insurance carriers at any time.
5. FM may, in its sole discretion, terminate any MRN Agreement.
6. FM may remove access to the MRN if Franchisee is in default under this Agreement.

F. Advertising Approval. FM shall review all advertising materials submitted by Franchisee and may approve or deny use of such advertising materials at FM's sole discretion. If Franchisee has an advertising and/or marketing concept that Franchisee would like FM to create and the concept will be useful for the entire franchise network, then FM will review it and determine if it would be advantageous to develop the concept for use by the entire franchise network. If Franchisee has created an ad or other promotional material that Franchisee plans to distribute to its customers, Franchisee shall submit such material, in accordance with the brand standard guide, to FM's Marketing Brand Manager for review. In each case, the Marketing Brand Manager will endeavor to respond within five (5) business days whether Franchisee's material is approved. All Franchisees are required to use the brand guidelines as a guide for the correct verbiage and the most current logo for the Franchisee's external communication. If Franchisee does not get a response from FM concerning its advertising materials request within five (5) business days, the request will be deemed rejected.

G. Approved Suppliers. FM will sell or lease to Franchisee supplies and equipment needed to operate the Franchised Business or shall provide approved suppliers from which Franchisee may purchase or lease supplies and equipment needed to operate the Franchised Business.

H. Website. FM will maintain the website for the System, which will include Franchisee's location and telephone number.

I. National Advertising Fund. FM shall manage the National Advertising Fund and oversee advertising, promotion and marketing programs.

J. Violations By Other Franchisees. In connection with FM's duties under this Agreement, the Franchisee understands and agrees that FM shall not be responsible to the Franchisee for violations by another franchisee of FM of any agreement between FM and such other franchisee.

K. Franchise Council. FM shall convene the Franchise Council ("FC") no less than two times per year. The FC members shall be made up of Franchisees in good standing under their Franchise Agreements, with members elected by the FM network (according to its bylaws) of franchise owners, as the term of each existing member expires. FM may only reject such FC appointments for lack of good standing under their Franchise Agreement. FM will appoint one Franchisee as approved by the FC President.

ARTICLE V: FRANCHISEE'S OBLIGATIONS

In consideration of the License granted herein, Franchisee agrees and covenants as follows:

A. Approved Products and Services.

1. Franchisee shall use or offer for sale in its Franchised Business only those Franchised Services and products that FM deems to be consistent with and beneficial to the System.
2. To safeguard the integrity of the System and Marks, the Franchisee shall purchase from FM or from sources approved by FM all supplies which the Franchisee proposes to use in the operation of the Franchised Business. As a material part of the consideration for this Agreement, Franchisee agrees that, if a customer does not specify use of or provide for use of a different brand for any service, Franchisee shall use only approved products for such service. To further eliminate public confusion, Franchisee shall not openly advertise approved products by displaying products or by any other means.
3. Franchisee must purchase or lease equipment, products, supplies and services from the supplier(s) FM designates, including but not limited to apparel and promotional items to be used in the Franchised Business. FM or its affiliates may be the exclusive designated supplier of some or all equipment, products, supplies and services. FM reserves the right to charge a reasonable mark-up on equipment, products, supplies and services that Franchisee is required to purchase from FM. All equipment, products, supplies and services that Franchisee purchases must meet FM's minimum standards and specifications and be from suppliers that FM approves, and if FM develops any proprietary products or equipment in the future, Franchisee must purchase these from FM or its designated supplier.
4. If Franchisee wishes to utilize sources of supplies which have not been approved by FM, Franchisee shall first submit to FM documentation concerning the product specifications, product components, product performance history, product samples, and any other relevant factors which Franchisee deems appropriate. FM will then evaluate the usage of the proposed product. Consideration will be given to the technical, wear, and performance properties of any such proposed item. FM shall be free to consider various additional factors to evaluate the suitability of products offered by alternative suppliers. FM may weigh such considerations as design, appearance, product reliability, durability, the manufacturer's warranties, quality control methods, and financial ability to stand behind its products, and other relevant information which FM deems important to the welfare of the FM franchise network. FM will notify the Franchisee in writing of its decision regarding the proposed product within sixty (60) days of receipt of the request from Franchisee. If FM does not notify Franchisee within sixty (60) days of the Franchisee's request, then the request will be deemed denied.
5. The Franchisee and all employees shall, when making sales presentations or providing the Franchised Services, wear the proper FM image attire, including a FM shirt with logo. Franchisee must purchase all uniforms and attire from FM's designated supplier.

B. Service Vehicle. To begin operating the Franchised Business, Franchisee shall acquire at least one van (or other appropriate vehicle) (a "**Service Vehicle**"), but as the Franchised Business grows, Franchisee may be required by FM,

upon notice from FM, to purchase or lease one or more additional Service Vehicles. The Service Vehicle must be painted bright white, display the Marks in a manner that FM prescribes, and display Franchisee's phone number and the URL address for Franchisee's website. Franchisor does not require approval of any specific vehicle vendor for the purchase of the Service Vehicle, but Franchisor does reserve the right to reject a Service Vehicle in its sole discretion. The Service Vehicle decals must be purchased from FM's approved vendor. FM has additional specifications for Franchisee's Service Vehicle in FM's Operations Manual (e.g. permitted make and models), and all specifications for the Service Vehicle are subject to change. Franchisee must ensure the Service Vehicle is suitable for carrying supplies and equipment to the customer's home or business, shall maintain the Service Vehicle according to the standards established by FM from time to time, and shall make all sales calls using Franchisee's Service Vehicle. Franchisee may use a used Service Vehicle, but no Service Vehicle in use may be older than seven (7) years. If a Service Vehicle is taken out of service or sold to someone other than another FM franchisee, Franchisee must de-identify the Service Vehicle.

C. Service Vehicle Detail Package. Franchisee shall purchase and install a logo package ("**Detail Package**") on each Service Vehicle that Franchisee uses in the Franchised Business. The Detail Package must be purchased from FM's designated supplier and the Detail Package must meet FM's standards and specifications.

D. Performance Responsibility. The Franchisee covenants that during the Term of this Agreement except as otherwise approved in writing by FM, the Franchisee and its officers shall devote their full time, energy and best efforts to the management and operation of the Franchised Business. Unless otherwise specified the term "Franchisee" as used in this Article V shall include, collectively and individually, all shareholders and/or members of the Franchisee, and of any corporation or other entity directly or indirectly controlling the Franchisee, if the Franchisee is a corporation, limited liability company or other similar legal entity, the general partners and any limited partner (including any corporation and the shareholders of a corporation which controls, directly or indirectly, any general or limited partner), if the Franchisee is a partnership.

If FM approves in writing that Franchisee does not have to personally supervise the Franchised Business, Franchisee must employ a manager who will be responsible for direct, on-premises supervision of the business (a "**Manager**"). The Manager must commit its full-time and best efforts to the operation of the Franchised Business. The Manager must have successfully completed the Initial Training but need not have an ownership interest if Franchisee is a corporation, partnership, or limited liability company. Franchisee is responsible for restricting its Manager(s) from improperly using or disclosing FM's Confidential Information (as defined below). At FM's option, before the Manager is engaged, Franchisee must submit to FM the proposed candidate's identity and qualifications, and FM may accept or reject such candidate based on FM's commercially reasonable assessment of his/her management experience, qualifications and ability to maintain FM's standards and specifications, including the terms of the Operations Manual. FM will not unreasonably withhold its acceptance if the Manager meets FM's minimum qualifications and completes the Initial Training.

If the Manager fails to ensure that the Franchised Business satisfies the terms of this Agreement and complies with FM's standards and specifications, including the terms of the Operations Manual, then FM may require Franchisee to hire a new Manager. Franchisee, or the Manager (as applicable) are solely responsible for hiring any personnel of the Franchised Business and determining the terms and conditions of their employment. Franchisee (or the Manager) must hire and properly train all personnel.

At all times, Franchisee must ensure that Manager or one of Franchisee's representatives that is responsible for the operations of the Franchised Business has completed training to Franchisor's satisfaction.

The Franchisee makes this commitment with the understanding that the application of the Franchisee's best efforts (or that of its Manager) is required for the benefit of the Franchisee as well as the entire FM franchise network. At a minimum:

1. The Franchisee shall use a telephone line dedicated to the operation of the Franchised Business and shall maintain a person or an answering service, or shall forward all business calls to a cellular phone which is answered live at all times during business hours;
2. The Franchisee shall contract with an ISP (Internet Service Provider) for a high-speed internet connection where available.
3. The Franchisee (or its Manager) shall devote a minimum of forty (40) hours per week to the operation of the Franchised Business;

4. The Franchisee shall be responsible for the quality and results of the Franchised Services performed under this Agreement;
5. The Franchisee shall be responsible for the operation of the Franchised Business under the terms and conditions of this Agreement;
6. The Franchisee shall support the national programs instituted by FM to generate service sales including, but not limited to, the promotion of brands owned by FM's affiliates, prompt and courteous response to information, and service requests, and compliance with requirements established by FM to implement and maintain such programs;
7. The Franchisee shall maintain a clean and safe place of business in compliance with all applicable laws, and with the Occupational Safety and Health Act standards. The Franchisee shall conduct its operation of the Franchised Business under this Agreement on sound business principles;
8. The Franchisee will, at its expense, comply with all applicable federal, state, county, city, local and municipal laws, ordinances, rules and regulations ("**Applicable Laws**") pertaining to the operation of the Franchised Business, including all laws relating to employees and all applicable state and federal environmental laws. The Franchisee will, at its expense, be absolutely and exclusively responsible for determining the licenses and permits required by law for the Franchised Business, for obtaining and qualifying for all such licenses and permits, and for complying with all applicable laws;
9. The Franchisee (or its Manager) shall check, on a daily basis, Franchisee's e-mail mailbox assigned by FM and FM's proprietary websites such as the Intranet for communications from Franchisee. Franchisee shall keep the password issued to Franchisee for access to FM's website confidential at all times; and
10. The Franchisee shall comply with all reasonable requirements of FM to measure Franchisee's customer satisfaction with the services provided by Franchisee under this Agreement, and to participate in all programs of FM designed to review and improve the process of operating the Franchised Business.

E. Marks. As to the use of the Marks, the Franchisee agrees as follows:

1. To use only the Furniture Medic name with a proper identifier(s) when soliciting or carrying out Franchised Services, to display the required Marks on all vehicles, uniforms and equipment used in carrying out Franchised Services, and to maintain neat and clean uniforms for use of all personnel associated with directly soliciting or carrying out Franchised Services;
2. To adopt and use the licensed Marks as prescribed by FM and in accordance with usage guidelines published by FM from time to time and on the Intranet and in the Operations Manual;
3. To place on all forms and stationery in small but readable letters, a notation that the Franchise is "An independent business licensed to serve you by TCB FURNITURE MEDIC, LLC";
4. Not to contest FM's non-exclusive license to Franchisee of the Marks, other trademarks, service marks and logos developed by FM and its affiliates;
5. Not to attempt to register any of the Marks or other trademarks, service marks or logos developed by FM and its affiliates for use in the Franchised Business in any state or with any governmental agency, body or organization;
6. Not to incorporate using in the name of Franchisee (if it is an entity) the Marks or other trademarks, service marks or logos or any derivatives of any such marks developed by FM or its affiliates for use in the Franchised Business;
7. Not to have displays, advertising, literature, business cards, signs or any other promotional or identifying literature or business name portraying the Marks or trademark or service mark developed by FM or its affiliates for use in the Franchised Business, alone without an immediately adjacent identifier as to product, business name or service. The Franchisee agrees to provide and advertise its services only under the d/b/a name listed on page 1 of this Agreement, except for identification of the Service Vehicle(s) as set forth on the Intranet, the Operations Manual or as otherwise published by FM. The Franchise d/b/a name shall comply with the guidelines as published by FM in the Operations Manual and on the Intranet;
8. To immediately notify FM of any unauthorized use or legal action involving the Marks or the System and cooperate in FM's prosecution or defense of any such action which shall be at FM's sole discretion. If FM determines that no action to protect the Marks is necessary, then in consultation with FM, Franchisee may take any action Franchisee deems necessary to protect Franchisee's own interest, at Franchisee's own expense.;
9. To immediately cease using or immediately modify any of the Marks if so directed by FM. Any expense incurred for such cessation or modification shall be at the expense of Franchisee;
10. That any goodwill associated with the licensed Marks inures exclusively to FM's benefit and that, upon

expiration or termination of this Agreement and the License granted in this Agreement, no monetary amount shall be assigned as attributable to any goodwill associated with the Franchisee's use of the Marks;

11. Not to establish a Web site on the Internet using any domain name or an e-mail address containing the words "Furniture Medic" or any variation thereof without the prior written approval of FM;
12. That FM shall have the right to review the substance and content of Franchisee's Web page and Franchisee agrees to immediately delete any material which improperly uses FM's trademarks or logos, or contains, in FM's sole discretion, derogatory or inappropriate material; and
13. That FM retains the right to pre-approval of Franchisee's use of linking and framing between Franchisee's Web pages and all other Web sites and to dismantle any frames and links between Franchisee's Web page and any other Web sites within five (5) days, if and as requested by FM.

F. Software Requirements. Franchisee will purchase and use software as required by FM, as set forth on the Intranet website or as may be reasonably required by FM in writing from time to time. Franchisee agrees that FM shall have the right, at its sole discretion, to change the monthly rate of the software service fee from time to time. During the term of this Agreement, another operating system may be introduced and recommended for Franchisee to use in the Franchised Business. FM reserves the right to require Franchisee to adopt a new operating system. The new operating system, however, will not obviate Franchisee's requirement to use certain software as a condition to receive National Account leads, work orders from FM, or for purposes of Monthly Fee reporting and payment.

G. Intranet

1. In order to protect the reputation and goodwill of FM and to maintain uniform standards of operation under the Marks, the Franchisee shall conduct the Franchised Business in accordance with the guidelines, standards and specifications as set forth in the Operations Manual, published on the Intranet. Franchisee shall receive a confidential password for access to the Intranet and agrees to limit its use to the Franchisee and employees of the Franchisee;
2. Any training or other similar materials on loan from FM shall at all times remain the sole property of FM;
3. FM may, from time to time, revise the contents of the Intranet, and the Franchisee expressly agrees to comply with the new terms and conditions set forth on the Intranet; and
4. FM may remove access to Intranet if Franchisee is in default under the Franchise Agreement or has violated the rules to post on the Intranet.

H. Quality Control. Franchisee agrees:

1. To meet all operational standards and quality control standards established by FM in the Operations Manual;
2. To keep updated in training under the standards set forth by FM and to complete additional training as may be required by FM;
3. To permit FM or its agents, at any reasonable time, to enter the Franchisee's business premises for the purpose of conducting quality assurance tests and other inspections and to remove from the premises samples of any inventory items without payment for such items, in amounts reasonably necessary for testing by FM or an independent certified laboratory to determine whether the samples meet FM's then-current standards and specifications; and

I. Customer Survey System. Franchisee will utilize the then-current customer survey system with its customers to measure Franchisee's customer satisfaction with the Franchised Services provided by Franchisee under this Agreement, and to participate in all FM programs designed to review and improve the process of operating the Franchised Business.

J. Corporate Promotion. Franchisee agrees to allow FM to use Franchisee's name or picture of Franchisee at any time during this Agreement for the purpose of any publication, brochure or advertisement. Further, FM shall have the right to distribute and/or publish the Gross Sales for the Franchised Business without compensation or prior consent of Franchisee.

K. Insurance. Franchisee shall, at its expense, procure prior to providing the Franchised Services, and maintain in full force and effect during the Term of this Agreement, insurance policies insuring the Franchisee against any loss, liability, personal injury, death, or property damage or expense whatsoever from theft, vandalism, malicious mischief, and the perils included in the extended coverage endorsement arising or occurring upon or in connection with the

Franchised Business. Franchisee will submit a certificate of insurance to FM prior to attending Initial Training, at each annual renewal or change of Franchisee's insurance policy, and at any time upon written request of FM. Franchisee will also provide a copy of the complete policy upon request by FM at any time during or after the Term of this Agreement. Such policies shall be written by an insurance company satisfactory to FM and shall include, at a minimum the following:

1. Workers' compensation and occupational disease insurance with \$500,000 employer liability limit as well as such other insurance as may be required by any applicable statute or rule.
2. Commercial general liability insurance, including product liability coverage, with minimum limits of \$1,000,000 per occurrence; must include additional insured by schedule plus FM.
3. Business automobile liability coverage for both owned and non-owned vehicles, with minimum limits of \$1,000,000 bodily injury and property damage.
4. Crime/Employee Theft (not a bond): Theft of client property with a \$25,000 limit.
5. Such additional coverage and higher policy limits as may reasonably be specified for all franchisees from time to time by FM.
6. All other insurance required by applicable state or federal law.

Franchisee is strongly encouraged to have property coverage for damage to customer property caused by Franchisee's work or caused under Franchisee's care, custody, or control with no exclusion for property of others. This coverage can be provided through General Liability or Property Coverage. All insurance policies procured and maintained by the Franchisee will: (i) name FM, its parents, partners, affiliates, subsidiaries, successors and assigns and its officers, directors, employees, agents and partners, as an additional insureds (except Workers' compensation policy), (ii) contain endorsements by the insurance companies waiving all rights of subrogation against FM for workers' compensation insurance, commercial general liability insurance and business automobile liability insurance, and (iii) stipulate that FM will receive copies of all notices of cancellation, non-renewal or coverage reduction or elimination at least thirty (30) days prior to the effective date of such cancellation, non-renewal or coverage change.

If the Franchisee, at any time, fails or refuses to maintain any insurance coverage required by FM or fails to furnish satisfactory evidence thereof, FM, at its option and in addition to its other rights and remedies hereunder, may obtain such insurance coverage on behalf of the Franchisee, and any costs of premiums incurred by FM in connection therewith shall be paid by the Franchisee on demand.

L. Location. Franchisee agrees to operate or conduct its Franchised Business from a single location within the Territory from which it may operate as many crews, teams, sales forces and vehicles as desired. Franchisee may operate its Franchised Business from its home if such activity is allowed by local ordinances and neighborhood covenants. If Franchisee's office is subject to a lease, it requires FM's prior acceptance. FM does not assist Franchisee in finding an office location or negotiating the purchase or lease for Franchisee. Franchisee is solely responsible for negotiation of the terms of any lease and performance under the lease. FM disclaims any responsibility for the suitability of Franchisee's lease. RM's acceptance of the lease is solely based on the site and lease satisfying RM's minimum site selection criteria. The office location must meet RM's criteria as set forth in the Operations Manual, including without limitation, criteria for location and appearance. FM does not provide for necessary office equipment, signs, fixtures, and office supplies.

All personnel operating under the Franchised Business shall be under the direct control and supervision of Franchisee and use Franchisee's business name. Franchisee shall not expand its operations to more than one location within the Territory without the prior express written consent of FM. Any permission to expand operations to more than one location within the Territory will be upon such terms and conditions as are mutually agreeable to both FM and Franchisee. Franchisee shall not open a retail service location without FM's prior written consent.

M. Operation Setup. Franchisee agrees that no later than thirty (30) days after successfully completing Initial Training to FM's satisfaction, the Franchised Business will begin offering and marketing Franchised Services to customers within the Territory, including the following:

1. A business telephone will be operational, maintained and answered during regular business hours.
2. A listing of the applicable Franchised Business name will be made in the next business telephone directory, printed or on-line.

N. Training and Re-training.

1. Franchisee shall be required to successfully complete the FM pre-training study program (the “**Pre-Training Program**”) as well as the two-week Initial Training program provided by FM no later than six (6) months from the date of execution by Franchisee of this Agreement. FM reserves the right to cancel the scheduled Initial Training if less than four (4) people are scheduled to attend until the next scheduled Initial Training, but still within the six (6) month period after the execution by Franchisee of this Agreement. If Franchisee will have a Manager operate the Franchised Business, the Manager must complete Initial Training. Further, FM recommends any partners or agents who render services in the Franchised Business complete the Initial Training program. If the officer or manager so trained is replaced by another officer or manager, then Franchisee agrees to have the replacement officer or manager attend and complete the FM Initial Training, at the Franchisee's cost and expense, within three (3) months after replacement. At all times, Franchisee must ensure that the Franchised Business is under the direct supervision of someone who has successfully completed both the Pre-Training and Initial Training programs. The Franchisee, as designated by FM, shall attend and complete, to FM's satisfaction, such other training programs as FM may require on the Intranet, in the Operations Manual, or otherwise in writing. All expenses incurred for any training including, without limitation, training fees (if applicable) and the cost of travel, room, board and wages, shall be borne by Franchisee.
2. Franchisee and any of its representatives who render Franchised Services may be required to take additional training. Franchisee and all individuals who render services in the Franchised Business are required to keep updated in training, and shall successfully complete a training course for each authorized Franchised Service at least once every calendar year. The Initial Training will fulfill the training requirement for the calendar year in which this Agreement is dated. In subsequent calendar years, the training must be updated by December 31 of each year. This updated training can be obtained by two (2) methods:
 - a. All trainees must attend an authorized training session given at a location selected by FM; or
 - b. The Franchisee or its employee, shareholder or officer, partner or agent can attend the Furniture Medic annual convention.

O. Personnel Management. Franchisee is solely responsible for hiring, training and supervising its employees and independent contractors and must hire sufficient personnel to fully staff its Franchised Business in order to operate in accordance with FM's standards and uphold and represent the System to the highest standards. Franchisee's employees shall be under Franchisee's day-to-day control in implementing and maintaining FM's System standards and specifications in the operation of the Franchised Business. FM does not control the forms of employment agreements, offer letters, or other similar agreements that Franchisee uses with its employees and is not responsible for Franchisee's labor relations or employment practices. Franchisee has sole responsibility and authority for Franchisee's labor relations and employment practices, including, among other things, employee selection, promotion, termination, hours worked, rates of pay, other benefits, work assigned, discipline, and working conditions. Franchisee shall:

1. properly train its employees;
2. comply with all Applicable Laws regulating its work force;
3. conduct a full background check on all prospective employees, including, without limitation, citizenship and criminal records checks;
4. pay all contributions, taxes, and assessments on payrolls or other charges under all Applicable Laws, including withholding from wages from its employees where required;
5. comply with all Applicable Laws regarding compensation, hours of work or other conditions of employment including, but not limited to, all laws and regulations regarding minimum compensation, overtime pay, Title VII, equal employment opportunities and any other similar requirement; and
6. communicate clearly with its employees in any employment agreements, human resource manuals, written and electronic correspondence, paychecks, and other materials that Franchisee (and only Franchisee) is their employer and that neither FM nor any of its affiliates are their employer.

ARTICLE VI: CONFIDENTIAL INFORMATION; IMPROVEMENTS

A. Confidential Information. Franchisee shall not directly or indirectly, reveal the contents of any information, data, or techniques treated by FM as confidential or that is otherwise concerning the System and/or the Franchised Business, including but not limited to, FM's trade secrets, manuals, Operations Manual, Pre-Training Program, Initial Training program, training manuals, bulletins, franchise operations, promotional plans, newsletters, reports, electronic data, passwords, publications, or any other information, regardless of format and whether written or oral (collectively, the

“**Confidential Information**”). Confidential Information does not include information that Franchisee can demonstrate was already known generally to the public at the time when it was disclosed by FM to Franchisee, or which, after the time it was disclosed by FM to Franchisee, validly and legally has become generally known to the public.

B. Confidential Treatment. Franchisee hereby agrees that:

1. Franchisee will not at any time disclose, copy or use any Confidential Information except as specifically authorized in writing by FM;
2. Franchisee’s obligation to maintain all Confidential Information as confidential applies both during and after the term of this Franchise Agreement;
3. Franchisee will use Confidential Information only for Franchisee’s operations under this Agreement and for no other purpose;
4. Franchisee will disclose Confidential Information only to Franchisee’s employees or contractual agents as follows, and not to anyone else:
 - a. Franchisee may disclose Confidential Information only to Franchisee’s employees and agents who need to know it in order to carry out their jobs. Franchisee may disclose only so much of the Confidential Information as each individual needs to know in order to carry out that individual’s job; and
 - b. Franchisee will inform Franchisee’s employees and agents that the Confidential Information is confidential and that they may not disclose, copy or use it in any unauthorized manner.
5. Franchisee agrees to have all of the following persons sign, and submit to FM signed copies of, a form of nondisclosure and non-competition agreement that FM has approved from all of the following persons: (i) Franchisee’s Manager and any supervisory or other employees who have received or will receive training from FM, before their employment; (ii) if Franchisee is an entity, all its officers and directors, as well as any of its shareholders, partners, members and owners (“**Owners**”), and the officers, directors, and Owners of any entity directly or indirectly controlling Franchisee, concurrent with the signing of this Agreement, or at any time as they assume this status; and (iii) the spouses or spousal equivalent of each Owner. Franchisee agrees to provide FM copies of all signed nondisclosure and non-competition agreements no later than 10 days following their signing.

C. Improvements. Franchisee acknowledges and agrees that all writings and other original works of authorship, regardless of form, including, but not limited to, proprietary software programs, the Operations Manual, trademarks, copyrightable works, Internet Web pages or any other documents or information pertaining or relating to the Franchised Business or the System produced or authored by Franchisee during the Term of this Agreement shall be deemed by the parties to be works made for hire and the property of FM. FM shall have the absolute right to obtain and hold, in its own name, rights of copyright, trademark and/or other similar protections which may be available in the documents or works. Franchisee hereby agrees to cooperate and execute all documents necessary to perfect such rights in FM. Franchisee acknowledges and agrees that FM shall receive a fully paid-up, perpetual, worldwide license, with an unlimited right to sublicense to any and all inventions, techniques, processes, devices, discoveries, improvement, know-how, writings and other original works of authorship, regardless of form, including, but not limited to, proprietary software programs, trademarks, copyrightable works, internet web pages or any other documents or information pertaining or relating to the Franchised Business or the System produced, conceived of or authored by Franchisee, its agents or employees, during the Term of this Agreement. Franchisee hereby agrees to cooperate and execute all documents necessary to perfect such rights of FM.

ARTICLE VII: OWNERSHIP REQUIREMENTS

A. Corporate Franchisee. The Franchisee agrees that its authorization to operate as a corporate entity shall be conditioned on the following requirements:

1. Franchisee’s Owners holding at least ten percent (10%) or more of the issued and outstanding shares or membership interests in Franchisee or any other person who directly or indirectly controls Franchisee shall at all times be personally bound by the terms of this Agreement pursuant to a Guaranty in the form attached hereto as Attachment 1.
2. Each certificate representing equity (or electronic share entry) of the Franchisee shall have conspicuously endorsed upon its face (or on the electronic legend) a statement in a form satisfactory to FM that it is held subject to this Agreement, and that any assignment or transfer of the equity certificate (or electronic share entry) is subject to all restrictions imposed upon assignments by this Agreement.
3. Certified copies of the Franchisee’s Articles of Incorporation, By-Laws, Operating Agreement, Partnership Agreement, Stockholders’ Agreement, or other governing documents, including the resolutions of the Board

of Directors or Members or Managers authorizing entry into this Agreement, shall be promptly furnished to FM.

4. The activities of the corporate entity must be limited exclusively to operation of the Franchised Business and to sale of goods and services authorized by FM. On reasonable request by FM, Franchisee will disclose all activities being conducted by Franchisee through its corporate entity.
5. Franchisee will maintain a current list of all Owners of Franchisee. Franchisee will furnish the list of Owners and copies of any governing documents of the corporate entity to FM promptly on request.
6. Franchisee's operating agreement or bylaws (or comparable governing documents) will expressly provide in the event of any conflict or inconsistency between their provisions and this Agreement, the terms and conditions of this Agreement will prevail.

B. Equity Ownership. If the Franchisee is a corporate entity, then the individuals named in Article XVI, Section S shall remain the owners of not less than fifty-one percent (51%) of the total voting equity ownership of the Franchisee during the entire Term of this Agreement, with the effective unencumbered right to vote the equity. The loss or surrender of the ownership or effective unencumbered right to vote the equity, by any means whatever, shall constitute a breach of the terms of this Agreement. Ownership of the corporation, limited liability company, or other entity, by a private equity group, an ESOP trust, or any similarly structured entity, is not permitted without the prior express written permission of FM.

C. Obligation of Franchisee to Provide Plan for Other Businesses Franchisee Desires to Establish. If the Franchisee, an Owner of the Franchisee, and/or an affiliate of the Franchisee wishes to commence the operation of any additional business in addition to the Franchised Business operated under the terms of this Agreement, the Franchisee must provide FM with a plan that describes in substantial detail how the Franchisee will maintain the operation of the Franchised Business authorized under this Agreement in accordance with its terms, while the Franchisee, its Owners, or its affiliates are simultaneously operating the additional business. Before commencing the operation of the additional business, the Franchisee must obtain FM's consent of the plan, which approval will not be unreasonably withheld. As conditions to approval of the plan FM may require that, in addition to other reasonable conditions: (i) the additional business be kept completely separate from the Franchised Business authorized under this Agreement (e.g. may not share the same location, building, or address); (ii) the additional business never be sold or transferred to another Furniture Medic franchisee; and (iii) FM may require the Franchisee and its Owners and affiliates to divest themselves of the additional business if FM determines that the additional business creates a conflict with or is competitive with the Franchised Business authorized under this Agreement as such Franchised Business may be modified over time. The Franchisee must also give annual updates to the plan as specified by FM. FM may review the plan at any time after consent to the plan to determine if the Franchisee, its Owners, and/or its affiliates are complying with the plan. FM may require the Franchisee to modify the plan at any time. The Franchisee's, its Owners', and/or its affiliates' failure to comply with the plan, as determined by FM in its sole discretion, will constitute a breach of this Agreement, entitling FM to exercise any and all remedies authorized under this Agreement, up to and including termination.

ARTICLE VIII: ACCOUNTING AND RECORDS

A. Record Maintenance and Reporting.

1. Franchisee shall record income and expenses, calculate taxes and determine profitability in accordance with Generally Accepted Accounting Principles ("GAAP").
2. Franchisee shall submit to FM on a monthly basis, in conjunction with the submission of monthly payments due FM, standard reports as may be required by FM including, but not limited to:
 - a. Invoices from all Franchised Services performed including National Accounts Program and MRN customer invoices; and invoices for subcontracted work; and
 - b. A monthly summary of National Accounts Program customers and MRN customers that have been contracted or a statement that no National Accounts Program customers or MRN customers have been serviced during the month.
3. Franchisee shall, at its expense, submit to FM, within thirty (30) days after request, a complete income statement and balance sheet or copies of the annual and interim financial statements prepared by the auditors or accountants of the Franchisee. Each such financial statement shall be signed by the Franchisee attesting that it is true and correct.
4. Franchisee must submit to FM's audit department by June 1st of each year, all federal, state or other business

tax returns for the prior year, together with such other information as FM may reasonably require, at Franchisee's expense.

5. Franchisee shall, at its expense, submit to FM, within six (6) months after the end of the calendar year, a complete financial statement for the preceding calendar year, including both a profit and loss statement and a balance sheet certified by an independent public accountant, together with such other information in such form as FM may reasonably require.

B. Customer Information. Franchisee must keep accurate lists of all customers and suppliers.

C. Retention of Records.

1. Franchisee agrees to keep all such records available for a period of seven (7) years following the year for which they were kept.
2. Termination of this Agreement shall not alter Franchisee's obligation to retain records for said seven (7) year period.

D. Right To Audit Franchisee's Records.

1. FM or its designated agents shall have the right at all reasonable times to examine, at its expense, the books, records, and tax returns of the Franchisee and any other business in which the Franchisee or its principal owners have a financial interest. In connection with any such examination, the Franchisee will execute IRS Form 4506, or other similar form, authorizing FM to obtain the applicable tax returns of the Franchisee, at the request of FM. Franchisee and any personal guarantors, by signing this Agreement, hereby explicitly consent to provide copies of all personal and business tax returns specified above by FM and hereby waive any right to refuse to provide tax returns or any privilege afforded by Applicable Laws.
2. If Franchisee fails to fully cooperate with any reasonable request by FM for an audit or inspection, Franchisee shall reimburse FM for any and all costs and expenses of conducting an audit or inspection including, without limitation, travel, lodging, wage expense and any reasonable accounting and attorneys' fees. FM shall also have the right, at any time, to have an independent audit made at its cost of the books of the Franchisee. If an audit or inspection is caused by Franchisee's failure to prepare or forward required reports or if an audit or inspection should reveal that payments have been understated in any report to FM, then the Franchisee shall immediately pay to FM the amount understated and interest from the date such amount was due until paid, at 1.5% per month or the maximum rate permitted by law, whichever is less. If an audit or inspection discloses an understatement of 2% or more, then Franchisee shall, in addition to payment of any understated amounts, reimburse FM for any and all costs and expenses connected with the audit or inspection including, without limitation travel, lodging, wage expense and reasonable accounting and attorneys' fees. The remedies set forth in this Article shall be in addition to any other remedies FM may have and shall survive termination of this Agreement.

ARTICLE IX: TRANSFERABILITY OF INTEREST

A. Franchisee's Right To Transfer. Franchisee understands and acknowledges that the rights and duties created by this Agreement are personal to Franchisee (or, in the case of a corporate or partnership Franchisee, to the Franchisee's Owner(s)), and that FM has entered into this Agreement with Franchisee in reliance upon individual or collective character, skill, aptitude, attitude, business ability, and financial capacity of Franchisee. Accordingly, the Franchisee shall not sell, assign, transfer, convey, give away, pledge, mortgage or otherwise encumber **any** interest in this Agreement ("**Transfer**") without the prior written consent of FM. Any purported Transfer, by operation of law or otherwise, without the prior written consent of FM, shall be null and void and shall constitute a material breach of this Agreement. Franchisee's Transfer of 10% interest or more in this Agreement will require an amendment to add such new 10% owner as a personal guarantor. If, as a result of any Transfer to one or more persons or entities, in a single transaction or series of transactions, the original Franchisee's ownership interest (or that of the original Franchisee's Owner(s)) in this Agreement falls below 51%, then the Franchisee must sign the then-current form of Franchise Agreement and all of the then-current terms of that agreement will apply thereafter.

B. Approval Procedure. FM may approve or reject a request for a Transfer of the Franchised Business, in its sole discretion. FM also reserves the right to condition its consent to a Transfer on the satisfaction of any or all requirements that FM establishes in its sole discretion, including without limitation, the following:

1. All of the Franchisee's accrued monetary obligations to FM and all other outstanding obligations related to the Franchised Business have been satisfied;
2. Franchisee shall have executed a general release, in a form satisfactory to FM, of any and all claims against FM, its affiliates, subsidiaries, parents, partners, their officers, directors, shareholders, agents and employees, in their corporate and individual capacities including, without limitation, claims arising under any Applicable Laws;
3. The transferee does not, and does not intend to, own, operate or be involved in any business that competes directly or indirectly with or is similar to the Franchised Business;
4. The transferee shall demonstrate to FM's satisfaction that it: (i) meets FM's managerial and business standards, possesses a good moral character, business reputation, and credit rating; (ii) has the aptitude and ability to conduct the Franchised Business (as may be evidenced by prior related business experience or otherwise); and (iii) has adequate financial resources and capital to operate the Franchised Business;
5. The transferee shall execute (and/or, upon FM's request, cause all interested parties to execute) the then-current standard Franchise Agreement and such other ancillary agreements as FM may require for transfer of the Franchised Business.
6. At the transferee's expense and upon such other terms and conditions as FM may reasonably require, the transferee (or if the transferee is a business entity, then the transferee's officers or managers) or managerial employees of transferee acceptable to FM must have successfully completed FM's training program then in effect for new franchisees.;
7. Transferee agrees to purchase all of the then-required supplies, products, and equipment required in FM's then-current Franchise Agreement and the Operations Manual if any of those items are not included in the sale of the Franchised Business. The transferee must also have a Service Vehicle equipped with the Detail Package if it is not included in the sale of the Franchised Business;
8. Franchisee must enter into an agreement with FM providing that all obligations of the transferee to make installment payments of the purchase price or interest thereon to Franchisee shall be subordinate to the obligations of the transferee to pay Monthly Fees, and obligations for purchases from FM and approved suppliers authorized to furnish supplies and products to FM franchisees;
9. Franchisee and transferee will be responsible for the transfer of material assets and any missing assets will be replaced at transferee's expense;
10. Franchisee or transferee must pay the then-current transfer fee (the "**Transfer Fee**") charged by FM to its franchisees. Currently, the Transfer Fee is \$7,000
11. The Franchisee must make provision for the continued operations of the Franchised Business in the interim period between Transfer of the Franchised Business and the transferee's successful completion of the Transfer;
12. FM must approve the material terms and conditions of such Transfer, including without limitation, that the price and terms of payment are not so burdensome as to affect adversely the continuation of the Franchised Business;
13. All obligations imposed on Franchisee by this Agreement must be assumed by the transferee; and
14. Franchisee and its Owner(s) must agree to remain liable for all of the obligations to FM in connection with the Franchised Business arising before the effective date of the Transfer, and execute any and all instruments that FM reasonably requests to evidence such liability.

C. Transfer to a Spouse or Child. In the event that FM approves a Transfer of a controlling interest in the Franchised Business to Franchisee's spouse, then no Transfer Fee will be assessed by FM. In the event that FM approves a Transfer of a controlling interest in the Franchised Business to the Franchisee's adult child who is at least 18 years of age, Franchisee or the transferee will only be required to pay 50% of the then-current Transfer Fee.

D. Transfer Upon Death or Disability. Upon Franchisee's death or permanent disability as defined under the Social Security Act, the executor, administrator, conservator, or other personal representative of such person shall assign Franchisee's interest in the Franchised Business and this Agreement to a third party only upon prior written approval of FM. Such disposition shall be completed within a reasonable time, not to exceed six (6) months from the date of death or permanent disability, and shall be subject to all the terms and conditions applicable to assignments contained in this Article IX, Section B of this Agreement. If the interest is not disposed of within a reasonable time, FM may

terminate this Agreement.

E. Transfer to Competitor Prohibited. The Franchisee will not Transfer this Agreement, any interest in the Franchisee or the Franchised Business, or any assets or accounts of the Franchisee or the Franchised Business, to any person, partnership, limited liability company, corporation or other entity that owns, operates, franchises, develops, consults with, manages, is involved in, or controls any business that sells products and services that are similar to those offered by FM franchisees to customers that are identified through similar referral sources (a “**Competitor**”). If FM refuses to permit a Transfer based upon this provision, the Franchisee’s only remedy will be to have a court of competent jurisdiction determine whether the proposed transferee is a competitor of FM.

F. Transfer to Franchisee's Business Entity. Franchisee acknowledges that FM entered into this Agreement in reliance upon and in consideration of the personal qualifications and representations of Franchisee if Franchisee is an individual, or those individuals who will actively and substantially participate in the operations of the Franchised Business if Franchisee is a corporation, limited liability company, or a partnership. If, with the consent of FM, the rights of Franchisee hereunder are assigned to a corporation, limited liability company, or other form of business entity, and the individual or individuals executing this Agreement remain the owner(s) of not less than fifty-one percent (51%) of the total voting capital shares thereof with the effective unencumbered right to vote said shares, there will be no processing fee levied if transferred to a corporation, limited liability company, or other form of business entity within one (1) year after the effective date of this Agreement. A processing fee will be charged if Transfer to such entity occurs after the first anniversary of the effective date of this Agreement. FM's consent to such Transfer to such business entity shall not be unreasonably withheld if:

1. The corporation, limited liability company, or other form of business entity is closely held;
2. The corporation, limited liability company, or other form of business entity conducts only such business as is authorized by this Agreement;
3. The front of each share certificate (or electronic share) clearly indicates that the shares represented by the certificate (or electronic share) are subject to the terms of this Agreement;
4. The bylaws or operating agreement reflects that the shares are so restricted;
5. Each holder of ten percent (10%) or more of the issued and outstanding shares or equity interests in the Franchised Business executes the Guaranty; and
6. The corporation, limited liability company, or other form of business entity and its shareholders or members execute the then- current form of Franchise Agreement and any such other ancillary agreements as FM may require.

The Franchisee acknowledges that the purpose of the foregoing restrictions is to protect the FM System, Marks, trade secrets, and operating procedures, as well as FM's reputation and image, for the mutual benefit of FM, the Franchisee, and the entire FM franchise network.

Further, the individuals, including all shareholders or members executing this Agreement on behalf of any corporation, limited liability company, or other form of business entity shall be jointly and severally liable for the faithful and timely performance of all covenants of this Agreement. The loss or surrender of said ownership or effective unencumbered right to vote said shares, by any means whatever, shall constitute a breach of the terms of this Agreement. Such transfer to a Franchisee's corporation, limited liability company, or other form of business entity does not preclude subsequent Transfers.

G. Referral Fee. Franchisee may enlist FM to help Franchisee find a potential buyer for the Franchised Business. If FM is enlisted to help, FM will: process telephone calls, leads and documents for the Franchisee, and make reasonable efforts to make inquiries into Franchisee’s Territory available to the Franchisee. If FM refers a lead to Franchisee and the lead purchases all or a portion of the Franchised Business within 18 months of such referral, regardless of the form of acquisition, Franchisee must pay FM a fee of the greater of 3% of the total sales price or \$10,000 for FM’s assistance.

H. FM's Right To Transfer. This Agreement and all rights hereunder may be Transferred by FM without Franchisee’s consent and, if so, shall be binding upon and inure to the benefit of FM's respective assignee(s).

I. Non-Waiver of Claims. FM’s consent to any Transfer shall not constitute a waiver of any claims it may have against the Franchisee, nor shall it be deemed a waiver of FM’s rights to demand exact compliance with any of the

terms of this Agreement by the transferee.

J. Operation of the Franchised Business by FM. If FM reasonably determines that a material default of this Agreement exists or is imminent, then FM (or FM's designee) may (but is not obligated to) temporarily operate and manage the Franchised Business for Franchisee's account until this Agreement is terminated, the Franchised Business is Transferred with FM's approval, the Franchised Business is purchased by FM, or FM returns the Franchised Business to Franchisee. FM's operation and management will not continue for more than 90 days without Franchisee's consent. FM will account to Franchisee for all net income from the Franchised Business during the period in which FM operates the Franchised Business. FM may collect a temporary management fee equal to 30% of Gross Sales for the period in which FM operates the Franchised Business.

K. Transfer of Assets. The Transfer Fee paid to FM does not include any equipment, products or marketing material to transferee. Further, FM makes no warranty as to the viability of any assets purchased from the Franchisee.

L. Survival of Transfer Obligations. The terms of this Article IX shall survive termination or expiration of this Agreement for a period of twenty-four (24) months. The parties agree and acknowledge that such extended obligation is necessary to fulfill the intent of Franchisee and FM and is a material term of this Agreement.

ARTICLE X: DEFAULT, TERMINATION AND OTHER REMEDIES

A. Automatic Termination. Franchisee shall be deemed to be in default under this Agreement and all rights granted to Franchisee hereunder shall terminate automatically without notice to Franchisee upon the occurrence of the following:

1. Franchisee or a guarantor becomes insolvent, makes a general assignment for the benefit of creditors, or is adjudicated bankrupt, unless otherwise restricted by the relevant bankruptcy laws; or
2. A petition in bankruptcy for liquidation, reorganization, or other proceeding is filed by or against Franchisee; a receiver is appointed; a bill in equity or other proceeding for the appointment of a receiver of Franchisee or other custodian for Franchisee's Franchised Business or assets is allowed; or the real or personal property of Franchisee is attached or levied upon by any sheriff, marshal, or constable.

B. Defaults Without the Right to Cure. Upon the occurrence of any of the following events, Franchisee shall be in default under this Agreement and FM may, but shall not be obligated to, exercise any of the default remedies (or combination thereof) provided for in Article X.D including termination of this Agreement without providing Franchisee an opportunity to cure:

1. Franchisee voluntarily abandons the Franchised Business, ceases to actively operate the Franchised Business, ceases to provide Franchised Services under the Franchised Business for more than ten (10) consecutive business days, disconnects the Franchised Business telephone; or fails to have a Service Vehicle;
2. Franchisee, its Owner(s), or any of its officers or directors is or has been convicted, pleads guilty, or pleads no contest to a felony or other crime or offense that FM believes is reasonably likely to have an adverse effect on the Marks, the goodwill associated therewith, or FM's interest therein;
3. Franchisee fails on four (4) or more occasions to comply with any provisions of this Agreement or any other FM Franchise Agreement, whether or not such failures to comply are cured after written notice thereof to Franchisee;
4. Franchisee (including its Owner(s), guarantors or agents) engages in activities in an unethical manner which could cause harm to the goodwill associated with the Marks and the System;
5. Franchisee discloses FM's trade secrets or other Confidential Information to persons unauthorized by this Agreement to receive such information or misuses FM's trade secrets or other Confidential Information;
6. Any agreement (a) between Franchisee (or any Owner or affiliate of Franchisee) and FM (or any of its affiliates), including any other software licenses, loan agreements, program participation agreements, franchise agreements, or other agreements or (b) between Franchisee (or any Owner or affiliate of Franchisee) and any other party related to the Franchised Business (including, without limitation, leases, subleases, loan or financing agreements, or vendor agreements) (collectively, "**Related Agreements**") is terminated as a result of a default by Franchisee, its Owner(s), or its affiliates;
7. Franchisee or its Owner(s) have made or make material misrepresentations or omissions in acquiring the Franchised Business;
8. FM discovers that by entering this Agreement, Franchisee violated a non-competition agreement by which it is bound;

9. Franchisee misuses or makes an unauthorized use of any of the Marks;
10. Franchisee fails to open its Franchised Business to the public for business within the time required under this Agreement;
11. Franchisee relocates the Franchised Business without receiving FM's express written permission;
12. Without FM's approval, Franchisee transfers, attempts to transfer or surrenders control of the operation of the Franchised Business or transfers or attempts to transfer, whether directly or indirectly, any of Franchisee's right, title or interest in the Franchised Business, this Agreement or an ownership interest in Franchisee;
13. FM's right to effect EFT pursuant to the terms of this Agreement is revoked or impaired as a result of any act or notice of Franchisee;
14. Franchisee makes a representation or warranty on behalf of FM that FM has not specifically authorized Franchisee to make in writing;
15. Franchisee knowingly maintains false books or records, or submits any false report to FM; without limiting this provision, any understatement of Gross Sales by 2% or more during any period will automatically constitute a materially false statement by Franchisee;
16. Franchisee refuses to allow FM to audit or inspect its location, books and records, upon request by FM;
17. Franchisee is in default or breach of its lease for its location and Franchisee fails to correct the default within the applicable cure period provided under such lease; or
18. Franchisee is suspended from the MRN or the National Accounts Program two (2) or more times in any twelve (12) month period.

C. Curable Defaults. Upon the occurrence of any of the following events, Franchisee shall be in default under this Agreement and FM may, but shall not be obligated to, exercise any of the default remedies (or combination thereof) provided for in Article X.D, including termination of this Agreement, provided that RM provides Franchisee with written notice of the default and thirty (30) days to cure:

1. Franchisee fails, refuses, or neglects to pay any amounts due to RM or any of its affiliates, including without limitation the Initial Franchise Fee, Monthly Fees, and amounts owed for purchases made or services provided;
2. Franchisee fails to submit or accurately report Gross Sales or any other report required under this Agreement;
3. Franchisee fails to obtain a business license and keep it in force;
4. Franchisee fails to abide by or perform any provision, standard, specification or requirement set forth in this Agreement or in the Operations Manual;
5. Franchisee fails to open the Franchised Business within the time prescribed in this Agreement;
6. Franchisee (including its Owner(s), guarantors or agents) engages in any solicitation of sales or marketing of the Franchised Business outside the Territory, contrary to this Agreement ;
7. Franchisee obtains services or products from suppliers that are not approved by FM;
8. Franchisee or any other person(s) required to complete training fails to complete training in a manner satisfactory to FM;
9. Franchisee breaches or fails to perform any other obligation or covenant under this Agreement; or
10. Franchisee is in default of any provision of this Agreement or Franchisee (or any owner or affiliate of Franchisee) is in default of any provision of any Related Agreement.

D. Remedies Upon Event of Default. Upon the occurrence of any event of default by Franchisee, and subject to any applicable cure period (if any), FM may in its sole discretion, immediately exercise any or all of the following remedies, in addition to all other rights and remedies available to FM under this Agreement or the law:

1. Terminate this Agreement and any other agreement, including other franchise agreements, that FM and Franchisee have executed, effective immediately or effective upon a future date determined by FM;
2. Reduce the size of Franchisee's Territory;
3. Terminate Franchisee's protected rights in all or part of the Territory for the remainder of the term of this Agreement or such other time period FM determines in its sole discretion;
4. Suspend Franchisee's access to the Intranet provided that Franchisee shall remain responsible for all costs of participation;
5. Suspend Franchisee's access to any advertising or marketing materials or assistance provided for franchisees;
6. Remove Franchisee from the FM website;
7. Remove Franchisee from any advertising materials;
8. Suspend or terminate any fee reductions or other accommodations which FM might have agreed to during the term of this Agreement;
9. Require Franchisee to conduct an annual audit of its financials during the term of this Agreement at

- Franchisee's sole cost;
10. Require Franchisee, its managers, or other employees of the Franchisee to participate in additional training;
 11. Suspend the provision of any operational support that this Agreement otherwise requires FM to provide;
 12. Take any action to cure a breach or default on Franchisee's behalf and require Franchisee to reimburse FM for all costs and expenses (including the allocation of any internal costs) for such action, plus a 10% administrative fee;
 13. Assume or appoint a third-party to assume the management of the Franchised Business as set forth this Agreement;
 14. Charge Franchisee a non-compliance fee up to \$500 for each time Franchisee defaults and \$500 per week for each week the event of default remains uncured;
 15. Eliminate any remaining renewal rights that Franchisee may have;
 16. Reduce the Term; or
 17. Reduce, modify, suspend, or otherwise terminate any other of Franchisee's rights under this Agreement while such event of default continues or for such other period of time that FM, in its sole discretion deems appropriate, provided that Franchisee shall remain responsible for all fees and obligations under this Agreement.

E. General Provisions Concerning Default and Default Remedies.

1. Default by Managing Owner. Any action or omission by any manager of Franchisee shall be deemed an action or omission by Franchisee for purposes of determining whether an event of default has occurred pursuant to this Article X.
2. Correction of Breach. For purposes of this Agreement, an alleged breach of this Agreement by the Franchisee will only be deemed to be cured if both FM and the Franchisee agree in writing that the alleged breach has been corrected.
3. Other Remedies. Nothing in this Article X precludes FM from seeking other remedies or damages under state or federal laws, common law, or under this Agreement including, but not limited to, attorneys' fees, damages and equitable relief.
4. Intranet. Upon receipt by Franchisee of a notice of termination from FM, all Intranet privileges shall be revoked.
5. Reliance on Defaults. In any arbitration or other proceeding in which the validity of any termination of this Agreement or FM's refusal to enter into a Renewal Agreement is contested, each party may cite to and rely upon all defaults or violations of this Agreement, not only the defaults or violations referenced in any written notice.
6. Notification to Third Parties. Franchisee agrees that FM has the right and authority (but not the obligation) to notify any or all of Franchisee's Owner(s), lenders, landlords, creditors, vendors, or suppliers, if Franchisee commits an event of default or if FM terminates this Agreement.
7. No Constructive Termination and Election of Remedies. Unless FM expressly terminates this Agreement, FM's exercise of any of the foregoing remedies will not constitute an actual or constructive termination of this Agreement nor will it be FM's sole and exclusive remedy for Franchisee's default or failure to comply with this Agreement.
8. Ongoing Payment of Fees. During any period of suspended services or benefits, Franchisee must continue to pay all fees and other amounts due under, and otherwise comply with, this Agreement and all related agreements. If FM restores any of Franchisee's rights, Franchisee will not be entitled to any compensation for any fees, expenses, or losses Franchisee might have incurred due to FM's exercise of any of its rights provided in Article X, Section D above. Likewise, under no circumstances will any fees or other amounts paid to FM be refunded in the event that FM exercises any of its default remedies.
9. No Waiver. FM's exercise of any of its default remedies in Article X.D above, does not preclude FM from later or simultaneously exercising additional default remedies, including termination of this Agreement without giving Franchisee any additional cure period. FM's exercise of its rights under Article X.D above will not be a waiver by FM of any breach of this Agreement.
10. Liquidated Damages. If FM terminates this Agreement prior to the expiration of the term, Franchisee shall pay FM liquidated damages in an amount equal to the average Royalty Fees owed by Franchisee (even if not paid) per month over the 12-month period preceding the date of termination (or, if the Franchised Business was not operating throughout such 12-month period, then the average Royalty Fees earned per month for the period in which the Franchised Business was operating), multiplied by the lesser of: (i) 24; or (ii) the number of months remaining in the term of the Franchise Agreement. Franchisee acknowledges and understands that the liquidated damages are not a penalty, but rather a reasonable pre-estimate of the damages suffered by FM

due to Franchisee's failure to continue operating the Franchised Business for the remainder of the term of this Franchise Agreement. This liquidated damages provision will not limit FM's rights to injunctive relief relating to any violations of this Agreement, nor limit any other damages available to FM arising out of such violations, including without limitation brand damage.

ARTICLE XI: RIGHTS AND DUTIES OF PARTIES UPON TRANSFER, EXPIRATION OR TERMINATION

A. Franchisee's Obligations. Upon transfer, expiration or termination of this Agreement and the License granted hereunder for any reason, and regardless of any dispute which may exist between the parties, Franchisee shall:

1. Immediately cease using and thereafter abstain from using all Marks, as well as all signs, structures, vehicles, and forms of advertising indicative of FM or the Franchised Business or products thereof, and make or cause to be made such changes in signs, buildings, vehicles and structures as FM shall reasonably direct to effectively distinguish them from their former appearance and from any other aspect of the Franchised Business;
2. Relinquish all interest in and rights to use all telephone numbers, all listings, email addresses, website URLs, and all social media accounts whether or not bearing the Marks (collectively "**listings and accounts**") used by the Franchisee in any manner related to the operation of, or applicable to, the Franchised Business. Transfer to or vest in FM and FM shall thereupon have the full and exclusive right to use such listings and accounts or to authorize the use thereof by another franchisee of FM. The Franchisee hereby appoints FM as its attorney in fact to direct the telephone company and all listing agencies to transfer such listings and accounts to FM or as it may in writing direct. Any amounts owed by the Franchisee on account of such listings and accounts shall be paid immediately by the Franchisee. Further, Franchisee will execute a telephone supersedure form which can be submitted to the telephone company upon the termination of this Agreement, in the form attached hereto as **Exhibit A-2**, to effectuate the assignment of the telephone number(s) and listing(s). If Franchisee shall fail or omit to take such actions or cause them to be taken, then FM shall have the right but not the obligation to enter upon the Franchised Business premises without being deemed guilty of trespass or any other tort, and shall have the right to make such changes or cause them to be made at the expense of Franchisee, which expense Franchisee shall pay on demand. This right includes authority to communicate directly with the companies which furnish telephone lines service or directory publishing (printed and electronic) to enforce this provision. Franchisee agrees to reimburse FM for all costs, expenses and legal fees incurred by FM to require Franchisee to cease using such Marks, telephone numbers, signs, stationery, advertising, or other means of identification;
3. Within ten (10) days, ship (or if applicable and approved by FM, destroy and/or delete) all printed forms, advertising pieces and manuals bearing the Marks, (all of which are acknowledged to be FM's property) as well as all supplies, chemicals and equipment and photographic proof of service vehicle de-stripping of all automotive logo markings, freight prepaid, in good condition, to an address designated by FM;
4. Within ten (10) days, ship (or if applicable and approved by FM, destroy and/or delete) all van logo markings, printed forms, advertising pieces and manuals bearing FM Marks, supplies and equipment (all of which are acknowledged to be FM's property), freight prepaid, in good condition, to an address designated by FM;
5. Within fifteen (15) days, pay to FM, as directed, such Initial Franchise Fee, Monthly Fees, amounts owed for purchases by Franchisee, Liquidated Damages, interest and fees due on any of the foregoing, and all other amounts which are then due and unpaid;
6. The Franchisee shall immediately turn over to FM (or if applicable and approved by FM, destroy and/or delete) all manuals, records, files, instructions, computer software and any and all other materials relating to the operation of the Franchised Business in the Franchisee's possession, except for the Franchisee's copy of this Agreement, any correspondence between the parties, and any other documents which the

Franchisee reasonably needs for compliance with any provision of law;

7. Franchisee must immediately cease operating all social media pages within its control associated with, or previously associated at any time with, the Franchised Business, including but not limited to, Facebook, Instagram, YouTube, TikTok and X (Twitter). Franchisee must also immediately cease operating all online business directory listings within its control associated with, or previously associated with, the Franchised Business, including but not limited to, Yelp, Nextdoor, LinkedIn, Google, YP (Yellow Pages), and Angi. Franchisee must promptly provide FM with all login credentials or other information necessary for FM to assume exclusive control over each social media and business directory account, page, or listing. To the extent that Franchisee is aware of or becomes aware of any social media or business directory account, page, or listing associated with the Franchised Business that is not within its control, it must promptly notify FM thereof in writing.

Notwithstanding the foregoing, FM may in its exclusive discretion demand that Franchisee delete, deactivate, or otherwise modify each social media or business directory account or listing at any time. Franchisee must comply with FM's demand immediately on receipt.

Franchisee agrees that all consumer or other published reviews of the Franchised Business and/or any goods or services provided by the Franchised Business, are the exclusive property of FM. Franchisee's right to use these reviews in any manner terminates with the expiration or termination of this Agreement. Franchisee is prohibited from advertising, promoting, quoting, or otherwise referring to the reviews in connection with any business or offer to conduct business on expiration or termination of this Agreement.

Franchisee agrees that any violation of this Article constitutes trademark infringement, service mark infringement, unfair competition, false advertising, and/or deceptive trade practices under federal, state, and common law, that this violation encroaches on the goodwill associated with FM's brand, and that violation is likely to cause confusion among reasonably prudent consumers.

ARTICLE XII. RELATIONSHIP OF PARTIES

It is expressly understood and agreed by and between FM and Franchisee that Franchisee will, at all times, act as and shall be an independent contractor. Franchisee agrees that it will not, at any time, directly or indirectly, hold itself out as an agent or employee of FM or make any commitment or incur any liability on behalf of FM without FM's expressed written consent. Nothing in this Agreement is intended to create a joint employer relationship between the parties, it being expressly understood that any personnel policies or procedures, forms, guidance or other employment related materials or information offered by FM is provided solely for Franchisee's convenience. Franchisee's use of such information is completely optional and should not be construed as an intent or right to control Franchisee's operations, personnel decisions or relationship with its employees. FM and Franchisee acknowledge and agree that FM neither sets nor controls labor or employment matters for Franchisee and that Franchisee, and not FM, is solely responsible for setting the terms and conditions of employment for the Franchisee's employees, including but not limited to, training, wages, benefits, promotions, hirings and firings, vacations, safety, work schedules, and specific tasks. Franchisee is expressly advised to consult its own independent counsel for labor and employment advice.

ARTICLE XIII. COVENANTS

A. In-Term Restrictive Covenants. Franchisee and its Owner(s) each specifically acknowledge that each of them will receive access to valuable specialized training and Confidential Information, and that such specialized training and Confidential Information provide a competitive advantage to the System. During the term of this Franchise Agreement, neither Franchisee nor any of its Owner(s) may, directly or indirectly, for themselves or through, on behalf of, or in conjunction with, any other person or entity:

1. Divert or attempt to divert any customer of the Furniture Medic franchise brand (including the Franchised Business) to any other business or to perform any other act injurious or prejudicial to the goodwill associated with the Marks or the System;

2. Solicit other franchisees, or use available lists of franchisees, for any commercial purpose other than purposes directly related to the operation of the Franchised Business;
3. Have any ownership interest in, or be engaged or employed by, any Competitor; or
4. Authorize, assist, or induce another to develop, open or operate a Competitor.

B. Post-Term Restrictive Covenants. Franchisee and its Owner(s) covenant that, with respect to Franchisee, for a continuous uninterrupted period commencing upon the expiration, termination, or Transfer of this Agreement for any reason or, with respect to each of the Owner(s), commencing on the earlier of: (i) the expiration or termination of this Agreement for any reason; or (ii) the time such person ceases to be an Owner of the Franchised Business (collectively, the “**Triggering Event**”), and continuing for two years thereafter (in each case, the “**Restrictive Period**”), neither Franchisee nor any of its Owner(s) may, directly or indirectly, for themselves or through, on behalf of or in conjunction with any other person or entity:

1. Divert or attempt to divert any customer of the Furniture Medic brand to any other business or to perform any other act injurious or prejudicial to the goodwill associated with the Marks or the System;
2. Solicit other franchisees, or use available lists of franchisees, for any commercial purpose;
3. Have any ownership interest in, manage, supervise the activities of, train the employees of, control the activities of, advise, or franchise, either directly or indirectly, any Competitor which is located within the Territory, a 5-mile radius outside the Territory or a 5-mile radius from the location of any Furniture Medic franchise office in existence or under development at the time of the Triggering Events; or
4. Authorize, assist, or induce another to develop, open or operate a Competitor which is located within the Territory, a 5-mile radius outside the Territory or a 5-mile radius from the location of any Furniture Medic franchise office in existence or under development at the time of the Triggering Event.

In the event that FM initiates a legal proceeding against Franchisee or its Owners during the Restrictive Period to enforce any of the post-term restrictive covenants, then the Restrictive Period will be extended to two years from the date Franchisee or its Owners comply with such post-term restrictive covenant.

C. Directives. In the event of any dispute related to this Article XIII Franchisee and its Owner(s) direct any third party construing this Article XIII, including without limitation any court, mediator, master, or other party acting as trier of fact or law:

1. To conclusively presume that the restrictions set forth in this Article XIII are reasonable and necessary in order to protect (i) FM’s legitimate business interests, including without limitation the interests of FM’s other franchisees; (ii) the confidentiality of FM’s Confidential Information; (iii) the integrity of the System; (iv) FM’s investment in the System; (v) the investment of FM’s other franchisees in their franchised businesses; and (vi) the goodwill associated with the System;
2. To conclusively presume that the restrictions set forth in this Article XIII will not unduly burden Franchisee or its Owner(s)’ ability to earn a livelihood;
3. To construe this Article XIII under the laws governing distribution contracts between commercial entities in an arms-length transaction, and not under laws governing employment contracts; and
4. To conclusively presume that any violation of the terms of this Article XIII (i) was accompanied by the misappropriation and inevitable disclosure of Confidential Information; and (ii) constitutes a deceptive and unfair trade practice and unfair competition.

D. Interpretation. Franchisee and its Owner(s) agree that each of the foregoing covenants is independent of any other covenant or provision of this Agreement. If all or any portion of the covenants in this Article XIII are held to be unenforceable or unreasonable by any court, then the parties intend that the court modify such restriction to extent reasonably necessary to protect FM’s legitimate business interests. FM and its Owner(s) agree that the existence of any

claim FM or its Owner(s) may have against FM will not constitute a defense to the enforcement of the covenants of this Article XIII. Franchisee agrees to pay all damages, costs, and expenses (including reasonable attorney's fees) FM may incur in enforcement of this Article XIII. If a person fails to comply with the covenants in this Article XIII, then the restrictive period will be extended for each day of noncompliance. FM has the right to reduce the scope of any restrictive covenant set forth in this Article XIII at any time, by giving notice to Franchisee.

E. Publicly Held Corporations. Sections A and B of this Article XIII will not apply to the ownership by Franchisee or its Owner(s) of less than a 5% interest in the outstanding equity securities of any publicly-held corporation.

F. Execution of Covenants by Spouse and Management. If FM requests, Franchisee will obtain the execution of covenants similar to those set forth herein regarding confidentiality, non-competition and non-solicitation, from Franchisee's or each Owner's spouse or spousal equivalent, and including covenants applicable upon the termination of a person's relationship with Franchisee, from Franchisee's officers, directors, managers, and other personnel FM specifies.

ARTICLE XIV: INDEMNIFICATION

Franchisee acknowledges that Franchisee is solely responsible for all loss, damage or other claims arising out of the Franchised Business and the conduct of Franchisee's affairs and shall hold FM, the MRN Administrator, and their present and future officers, directors, employees, agents, shareholders, parents, affiliates, subsidiaries and representatives (the "**Related Parties**") harmless from all costs, expenses, legal fees and liabilities with respect to all claims from any loss or damage arising either directly or indirectly therefrom.

FRANCHISEE AND THE GUARANTORS, BY SIGNING THIS AGREEMENT, AGREE TO INDEMNIFY AND AGREE TO DEFEND AND HOLD HARMLESS FM, THE MRN ADMINISTRATOR AND THEIR RELATED PARTIES AGAINST ALL LOSSES, CLAIMS, DAMAGES, PENALTIES, JUDGMENTS, LIABILITIES AND EXPENSES (INCLUDING, WITHOUT LIMITATION, ALL EXPENSES OF LITIGATION OR PREPARATION FOR LITIGATION WHETHER OR NOT FM OR THE MRN ADMINISTRATOR IS A PARTY TO THE LITIGATION) THAT FM, THE MRN ADMINISTRATOR OR ANY OF THEIR RELATED PARTIES MAY PAY OR INCUR ARISING OUT OF OR RELATING TO THIS AGREEMENT OR TO THE OPERATION OF THE FRANCHISED BUSINESS EVEN IF CAUSED IN WHOLE OR IN PART BY THE NEGLIGENCE (WHETHER SOLE, JOINT OR CONCURRENT), GROSS NEGLIGENCE, STRICT LIABILITY OR OTHER LEGAL FAULT OF FM, THE MRN ADMINISTRATOR OR THEIR RELATED PARTIES.

Franchisee agrees to give FM, the MRN Administrator and the Related Parties written notice of any action, suit, proceeding, claim, demand, inquiry or investigation that could be the basis for a claim for indemnification by any of FM, the MRN Administrator or the Related Parties within 3 days of Franchisee's actual or constructive knowledge of it. FM, the MRN Administrator and the Related Parties shall have the right, in their sole discretion to: (i) retain counsel of their own choosing to represent them with respect to any claim; and (ii) control the response thereto and the defense thereof, including the right to enter into settlements or take any other remedial, corrective, or other actions. Franchisee agrees to give its full cooperation to FM, the MRN Administrator and the Related Parties in assisting such parties with the defense of any such claim, and to reimburse such parties for all of their costs and expenses in defending any such claim, including court costs and reasonable attorneys' fees, within 10 days of the date of each invoice delivered by FM, MRN Administrator or the Related Parties to Franchisee enumerating such costs, expenses and attorneys' fees.

This indemnity continues in full force and effect after and notwithstanding this Agreement's expiration or termination. FM, MRN Administrator and the Related Parties need not seek recovery from any insurer or other third party, or otherwise mitigate its or their losses and expenses, in order to maintain and recover from third parties fully a claim against Franchisee under this subsection. Franchisee agrees that a failure to pursue a recovery or mitigate a loss will not reduce or alter the amounts that such party may recover from Franchisee under this subsection. If Franchisee, FM, MRN Administrator or any Related Party undertakes the defense and/or settlement, such action will in no way diminish Franchisee's obligation to indemnify FM, MRN Administrator and the Related Parties and to hold them harmless.

ARTICLE XV: DISPUTE RESOLUTION

A. Alternative Dispute Resolution Procedure. Except as otherwise provided in Article XV, Section B(1) (Excepted Disputes), any claim, dispute, suit, action, controversy, or proceeding of any type whatsoever between (i) Franchisee, its affiliates, or its Owner(s), and/or Franchisee's or its affiliates' owners' officers, directors, and employees (the "**Franchisee Related Parties**") and (ii) FM, its affiliates, and/or its or its affiliates' officers, directors, owners, and employees (the "**FM Related Parties**") relating to (a) this Agreement, (b) the relationship of any of the FM Related Parties with any of the Franchisee Related Parties, or (c) the Franchised Business, including disputes related to compliance with franchise, labor, or employment laws (collectively, (a) through (c), the "**Covered Disputes**") must be resolved in accordance with the alternative dispute resolution procedures described in this Section A. The Franchisee Related Parties and any FM Related Parties shall all be considered third-party beneficiaries of this Agreement and shall be included in the term "parties" or "party" in this Article XV.

1. Informal Negotiation. To initiate the dispute resolution process, the party alleging a Covered Dispute must provide the other party with written notice setting forth the alleged Covered Dispute in detail and requesting a meeting (the "**Dispute Notice**"). Each Covered Dispute must be discussed in a face-to-face meeting or, upon agreement of the parties, in a video or telephone conference call held within thirty (30) days after such Dispute Notice is provided to the other party. Unless otherwise agreed by the parties, the party initiating the process must wait at least thirty (30) days after the Dispute Notice has been delivered to the other party before submitting the dispute to mediation.
2. Mediation. If the Covered Dispute is not resolved informally as provided in Section A(1) (Informal Negotiation), the party alleging the Covered Dispute must submit the Covered Dispute for non-binding mediation. All parties must attend and participate in the mediation. The mediation shall be governed by the rules of the American Arbitration Association (the "**AAA**") before one mediator selected by the parties, and if the parties cannot agree upon the mediator, then a mediator selected by the AAA. It is the intent of the parties that mediation shall be held not later than thirty (30) days after a written request for mediation shall have been served on the other parties. The mediation shall be held in the metropolitan area of FM's then-current principal place of business (currently, Memphis, Tennessee) and shall not last more than one day, unless the parties agree otherwise. The parties will split equally the cost of any mediation. Any party may be represented by counsel and may, with permission of the mediator, bring persons appropriate to the proceeding.
3. Arbitration. If the parties do not resolve the Covered Dispute after the conclusion of the mediation, such Covered Dispute must be subject to and resolved exclusively by binding arbitration. **This means that all Covered Disputes that either party would otherwise have the legal right to sue for in court shall be subject to final and binding arbitration under the arbitration provisions set forth in this Article XV, Section A(3) and not decided by a court or a jury.** If there are any ambiguities in the terms or conditions of this Article XV, it is the parties' intent that all ambiguities be resolved in favor of arbitration. For the purposes of this Article XV, Section A(3), Covered Disputes will not include disputes that an applicable federal statute provides cannot be arbitrated or cannot be subject to a pre-dispute agreement to arbitrate.
 - (a) Arbitration Procedure. Either party may commence arbitration by sending written demand for arbitration to the other party. The arbitration proceeding shall be conducted by one arbitrator and, except as otherwise provided in this Article XV, shall be conducted in accordance with the then-current Commercial Arbitration Rules of the AAA. All arbitration proceedings will be held at the offices of the AAA or other suitable offices that FM selects in the metropolitan area in which its principal place of business is then located (currently, Memphis, Tennessee). The arbitrator shall have no authority to select a different hearing locale. All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. §§ 1 et seq.).
 - (b) Scope. The arbitrator (and not a court) shall decide all issues in any Covered Dispute, including issues regarding the non-availability of class arbitration, timeliness, arbitration procedures, statute of limitations, and all other issues regarding the application, interpretation, enforceability, coverage, and implementation of this Section A(3), including whether the parties have entered into this Agreement. In accordance with Article XV, Section E (Mutual Waiver of Class or Collective Actions), the arbitrator shall have no authority to consider or resolve any claim or issue in a Covered Dispute on any basis other than on an individual basis and may not consolidate or join one or more Covered Disputes pertaining to Franchisee or another Franchisee Related Party with any other dispute(s).

- (c) Relief. The arbitrator shall have the power and authority to award any remedy or relief available under Applicable Laws, including money damages (with interest on unpaid amounts from the date due), specific performance, injunctive relief, and attorneys' fees and costs (in accordance with Article XVI, Section D (Costs of Enforcement)), except the arbitrator may not (a) declare any Mark generic or otherwise invalid or (b) award any special, consequential, exemplary, or punitive damages against either party, except as expressly provided in Article XV, Section D (Mutual Waiver of Punitive Damages).
- (d) Binding Decision. The decision and award of the arbitrator will be final, conclusive, and binding on all parties regarding any claims, counterclaims, issues, or accountings presented or pled to the arbitrator, and judgment on the award, including any partial, temporary or interim award, may be entered in any court of competent jurisdiction (and such proceeding shall not itself be deemed a Covered Dispute).
- (e) Confidentiality. All evidence, testimony, records, documents and information disclosed in any arbitration hearing between the parties will be secret and confidential in all respects. Neither party will disclose any evidence, testimony, records, documents or information from any arbitration hearing to any other person or entity except as required or expressly permitted by Applicable Laws.

B. Exceptions to Alternative Dispute Resolution

1. Excepted Disputes. Unless FM consents in writing otherwise, the following Covered Disputes will not be subject to or resolved through the informal negotiation, non-binding mediation, or binding arbitration procedures specified in Article XV, Section A (Alternative Dispute Resolution Procedure) and will instead be resolved through litigation in accordance with the terms hereof: (a) disputes relating to Franchisee's use of the Marks (including Lanham Act or common law claims); (b) disputes that otherwise relate to the ownership or validity of any of FM's intellectual property or the enforcement of FM's intellectual property rights; (c) disputes that involve protection of FM's Confidential Information; (d) disputes related to the enforcement of the non-competition provisions in Article XIII; and (e) disputes related to the payment of sums that any of the Franchisee Related Parties owes to any of the Franchisor Related Parties (collectively, "**Excepted Disputes**").
2. Injunctive Relief. Notwithstanding the parties' agreement to resolve Covered Disputes through the informal negotiation, non-binding mediation, and binding arbitration procedures specified in Article XV, Section A (Alternative Dispute Resolution Procedure), either party will have the right to seek temporary restraining orders and temporary or preliminary injunctive relief from a court of competent jurisdiction to obtain interim relief when deemed necessary by such court to preserve the status quo or prevent irreparable injury pending resolution of the actual Covered Dispute that would otherwise be subject to arbitration; provided, however, that such party must contemporaneously submit the Covered Dispute for arbitration on the merits as provided in Section A(3) (Arbitration). In addition to any other relief available at law or equity, FM will have the right to obtain restraining orders or temporary or permanent injunctions to, among other things: (a) enforce the provisions of this Agreement related to the use or protection of the Marks, FM's Confidential Information, other components of the System, or other intellectual property of any of the FM Related Parties; (b) enforce the covenants in Article XIII; (c) enforce the obligations of any Franchisee Related Party on termination or expiration of this Agreement; and (d) prohibit any act or omission by any Franchisee Related Party that is a violation of Applicable Laws or that threatens to harm the Marks, the System, or the business of other franchisees or the FM Related Parties. Franchisee agrees that the FM Related Parties will not be required to prove actual damages or post a bond in excess of \$1,000 or other security in seeking or obtaining injunctive relief (both preliminary and permanent) and/or specific performance with respect to this Agreement.
3. Forum for Litigation. Any litigation related to an Excepted Dispute will be filed exclusively in the state court or United States District Court for the district in which FM has its principal place of business at the time of filing. The parties waive all objections of personal jurisdiction and venue for the purpose of carrying out this provision. Notwithstanding the foregoing, FM may enforce this Agreement in the courts of the state or states in which Franchisee is domiciled or the Franchised Business is operated.

C. MUTUAL WAIVER OF JURY TRIAL. THE PARTIES EACH KNOWINGLY, VOLUNTARILY, AND

IRREVOCABLY WAIVE ANY RIGHT TO A TRIAL BY A JURY IN ANY COVERED DISPUTE AND ANY RIGHT TO HAVE A COVERED DISPUTE BE DECIDED BY A COURT OR A JURY.

D. MUTUAL WAIVER OF PUNITIVE DAMAGES. EXCEPT FOR (A) CLAIMS RELATED TO THE FRANCHISEE RELATED PARTIES' OBLIGATION TO INDEMNIFY FM AND THE FM INDEMNITIES FOR THIRD-PARTY CLAIMS UNDER ARTICLE XIV (INDEMNIFICATION), (B) CLAIMS RELATED TO ANY OF THE FRANCHISEE RELATED PARTIES' INFRINGEMENT OF ANY OF THE FM RELATED PARTIES' INTELLECTUAL PROPERTY, AND (C) CLAIMS RELATED TO ANY FRANCHISEE RELATED PARTIES' BREACH OF ITS OBLIGATIONS UNDER ARTICLE VI (CONFIDENTIALITY AND IMPROVEMENTS BY THE FRANCHISEE), NEITHER PARTY WILL BE ENTITLED TO RECOVER SPECIAL, CONSEQUENTIAL, EXEMPLARY, OR PUNITIVE DAMAGES UNDER THIS AGREEMENT.

E. MUTUAL WAIVER OF CLASS OR COLLECTIVE ACTIONS. FM AND FRANCHISEE EACH WAIVE ANY RIGHT TO BRING ANY CLAIMS ON A CLASS-WIDE OR GROUP, REPRESENTATIVE, CONSOLIDATED, JOINT, OR COLLECTIVE BASIS. EACH PARTY MUST BRING ANY CLAIMS AGAINST THE OTHER PARTY ON AN INDIVIDUAL BASIS AND MAY NOT JOIN ANY CLAIM IT MAY HAVE WITH CLAIMS OF ANY OTHER PERSON OR ENTITY OR OTHERWISE PARTICIPATE IN A CLASS OR COLLECTIVE ACTION AGAINST THE OTHER PARTY.

F. TWO-YEAR LIMITATION ON CLAIMS. ANY AND ALL CLAIMS ARISING OUT OF OR RELATING TO THIS AGREEMENT OR COVERED DISPUTES WILL BE BARRED UNLESS AN ARBITRATION OR JUDICIAL PROCEEDING IS COMMENCED IN THE PROPER FORUM WITHIN TWO YEARS FROM THE DATE ON WHICH THE VIOLATION, ACT, OMISSION, OR CONDUCT GIVING RISE TO THE CLAIM OCCURS, REGARDLESS OF WHEN THE PARTY ASSERTING THE CLAIM KNEW OR SHOULD HAVE KNOWN OF THE FACTS GIVING RISE TO THE CLAIM, except for claims (which may be brought by any FM Related Party against any Franchisee Related Party at any time): (a) relating to third-party claims or suits brought against any FM Related Party as a result of the operation of the Franchised Business; (b) relating to the enforcement of any intellectual property rights of any FM Related Party; (c) relating to Franchisee's non-payment or underpayment of amounts owed to a FM Related Party; (d) concerning the obligations of any Franchisee Related Party under Article VI (Confidentiality and Improvements by Franchisee) or Article XIII (Covenants) of this Agreement; (e) related to the non-compliance of any Franchisee Related Parties with any post-termination obligations under this Agreement; and (f) regarding an assignment of this Agreement or any ownership interest therein.

G. No Collateral Estoppel. No arbitration finding, conclusion or award may be used to collaterally estop either party from raising any like or similar issue or defense in any subsequent arbitration, litigation, court hearing or other proceeding involving third parties, including other franchisees.

H. Remedies Not Exclusive. No right or remedy that the parties have under this Agreement is exclusive of any other right or remedy under this Agreement or under Applicable Laws. Each and every such remedy will be in addition to, and not in limitation of or substitution for, every other remedy available at law or in equity or by statute or otherwise.

I. No Recourse. Franchisee acknowledges and agrees that except as provided under an express statutory liability for such conduct, none of FM's past, present or future directors, officers, employees, incorporators, members, partners, stockholders, subsidiaries, affiliates, controlling parties, entities under common control, ownership or management, vendors, service providers, agents, attorneys or representatives will have any liability for (i) any of FM's obligations or liabilities relating to or arising from this Agreement, (ii) any claim against FM based on, in respect of, or by reason of, the relationship between Franchisee and FM, or (iii) any claim against FM based on any of FM's alleged unlawful act or omission. For the avoidance of doubt, this provision constitutes an express waiver of any claims based on a theory of vicarious liability, unless such vicarious claims are authorized by a guarantee of performance or statutory obligation. It is not meant to bar any direct contractual, statutory, or common law claim that would otherwise exist.

J. Governing Law. Except to the extent governed by the United States Trademark Act (the Lanham Act) or the Federal Arbitration Act, this Agreement and all disputes directly or indirectly related to or arising from this Agreement shall be governed, interpreted, and construed under the laws of the State of Tennessee, which laws shall prevail in the event of any conflict of law, without regard to the application of any Tennessee conflict-of-law rules.

K. Survival. This Article XV will survive termination, expiration, and/or rescission of this Agreement.

ARTICLE XVI: MISCELLANEOUS

- A. Construction. In this Agreement, the neuter pronoun "it" and the masculine pronouns "he" or "his" have been used to refer to the Franchisee. Where appropriate, this terminology is considered to also include both masculine and feminine genders.
- B. Severability. If any provision of this Agreement is found invalid, both parties agree that all other provisions shall remain in full force and effect.
- C. Effect of Waivers. No failure of FM to exercise any power reserved to it by this Agreement, or to insist on strict compliance by Franchisee with any obligation or condition hereunder and no custom or practice of the parties at variance with the terms hereof, shall constitute a waiver of FM's right to demand exact compliance with any terms herein. A waiver by FM of any particular default by Franchisee shall not affect or impair FM's rights with respect to any default of the same, similar or different nature, nor shall any delay, forbearance or omission of FM to exercise any power or right arising out of any breach or default by Franchisee of any of the terms, provisions or covenants hereof affect or impair FM's rights hereunder or the right to declare any subsequent breach or default and to terminate this Agreement prior to the expiration of its term. Subsequent acceptance by FM of any payments due to it hereunder shall not be deemed to be a waiver by FM of any terms, covenants or conditions of this Agreement.
- D. Costs of Enforcement. If either party to this Agreement (an "**Initiating Party**") brings any action under or in connection with this Agreement (whether an arbitration or court action) and does not prevail in such action, it shall pay, as part of any judgment or arbitrator's decision rendered against it, the attorneys' fees, arbitration filing fees, court costs, travel and living expenses, witness and deposition fees, costs of investigation and other costs related to the action (collectively "Litigation Costs") incurred by the other (prevailing) party in such action. If an Initiating Party does prevail in any such action, and the amount of its recovery or award exceeds the last settlement offer made by the Initiating Party to the other (non-prevailing) party, then the other (non-prevailing) party shall also pay, as part of any judgment or arbitration's decision rendered against it, the Litigation Costs incurred by the prevailing Initiating Party.
- E. Notices. Any notice required or permitted to be given hereunder shall be in writing and may be given by personal service or by forwarding a copy thereof by U.S. Certified Service mail or Federal Express or similar carrier and in the case of U.S. Certified Service mail or such carrier, shall be fully prepaid, in a sealed envelope, addressed to FM or the Franchisee, at the address that appears on page 1 of this Agreement. The addresses hereby given for the service of notice may be changed at any time by any party through written notice given to the other as herein provided.
- F. Successors. This Agreement shall bind and inure to the benefit of the successors and assignees of FM and to the heirs, administrators and executors and permitted successors and assignees of Franchisee.
- G. Independent Covenants. If any provision of this Agreement is found invalid, both parties agree that all other provisions shall remain in full force and effect.
- H. Modifications. The Franchisee recognizes and agrees that from time to time FM may reasonably change the System presently identified with the Marks under any conditions and to any extent which FM in its sole and absolute discretion may deem advisable to meet the demands of the industry, to protect its Marks, to improve the quality of the System, or for other valid business purpose. Accordingly, FM may adopt and use new or modified Marks, copyrighted materials, products, equipment or techniques, without liability to Franchisee and Franchisee agrees to comply with such modifications. In the event of a contract change, modification of an obligation, extension of time to pay or perform any other obligation, Franchisee and each owner and/or affiliate of Franchisee shall execute a general release.
- I. Right of First Refusal. The Franchisee may not Transfer any interest in the Franchised Business without first offering it to FM in writing at a stated dollar price exclusive of broker fees and upon stated terms which FM may accept in writing at any time within sixty (60) days from the receipt of the written offer by the Franchisee. If FM declines or not accept the offer within the said time period the Franchisee may thereafter sell or dispose of the Franchised Business to a third party, but not at a lower price or on more favorable terms than had been offered to FM, and subject to the prior written consent of FM, as provided in Article IX of this Agreement. If the Franchised Business is not then sold by the Franchisee within six (6) months from the date it is offered to FM, then the Franchisee must re-offer to sell to FM prior to the sale to any third party.

J. Entire Agreement. This Agreement and attachments hereto contain the entire understanding of the parties hereto and it is acknowledged by both parties that, except as expressly provided in this Agreement, there are no representations, warranties or other agreements expressed or implied in any way relating to the provisions hereof. Nothing in this Agreement or in any related agreement is intended to disclaim the representations contained in the Furniture Medic Franchise Disclosure Document. This Agreement when fully executed shall supersede all prior and existing agreements between the parties having to do with the subject matter of this Agreement. In the event of a breach of this Agreement, the prevailing party shall be entitled to reasonable fees, costs and expenses incurred in enforcing the provisions of this Agreement or securing damages for its breach, including, but not limited to, reasonable attorneys' fees and court costs.

K. Financing. FM does not represent that the Franchisee will qualify for Service Vehicle or any other type of financing. FM does not warrant that the Franchisee or its customers will qualify under standards set by credit granting financial institutions. FM does not represent that any supplier will grant a line of credit to the Franchisee or the Franchisee's customers. Any failure of the Franchisee or its customers to secure such financing or financing arrangements shall not subject this Agreement to rescission or subject FM to any costs, refunds, or penalties. The Franchisee acknowledges that decisions of credit-granting firms are beyond the control of the parties to this Agreement and holds FM harmless for the results of such decisions.

L. Headings. Headings of sections or order of specific articles are deemed by the parties to be merely descriptive in nature and not intended to limit or preclude information contained therein.

M. Binding Agreement. Franchisee and its signatories to this Agreement agree to abide by all terms and conditions contained herein as individuals as well as officers or principals if incorporated.

N. Receipt of Franchise Disclosure Document. By signing this Agreement, Franchisee certifies that it has received and reviewed the Franchise Disclosure Document and its exhibits and this Agreement fourteen (14) calendar days, or ten (10) business days as may be required by Franchisee's state, prior to signing this Agreement or prior to paying any monies.

O. Significant Dates: Franchisee hereby certifies that the following information and dates are true and correct and the undersigned understands that FM is relying on these statements in consideration of entering into this Agreement:

- (1) _____ The date on which Franchisee received a Franchise Disclosure Document with all exhibits. (Must be same date as date entered on Receipt Page)
- (2) _____ The date of the Franchisee's first personal meeting with a Marketing Representative to discuss the possible purchase of this Franchise. (Does not apply to renewal)
- (3) _____ Name of all individuals involved in Sales Process

(Does not apply to renewal)
- (4) _____ The date the Franchisee received a completed copy (except for signatures) of this Agreement that was later signed.
- (5) _____ The date on which the Franchisee signed this Agreement.
- (6) _____ The date on which the Franchisee delivered any deposit, down payment, purchase price or other payment in the form of cash, check, or other consideration

P. Representations by Franchisee in Certain States. The following representations must be completed by, and will

only apply to, all franchisees and Franchised Businesses, except those that are subject to the state franchise disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin:

1. No oral, written, or visual claim or representation which contradicted the Franchise Disclosure Document was made to Franchisee except:

(if none, Franchisee shall write "none").

2. No oral, written, or visual claim or representation which stated or suggested any sales, income or profit levels was made to the Franchisee except:

(if none, the Franchisee shall write "none").

3. No oral, written, or visual claim or representation which stated or suggested any sales, income or profit levels was made to Franchisee except Item 19 of the Franchise Disclosure Document and:

(if none, Franchisee shall write "none")

4. No oral, written, or visual claim or representation which stated or suggested any sales, income or profit levels except those made in Item 19 of the Franchise Disclosure Document were relied upon by Franchisee in signing the Agreement except:

(if none, Franchisee shall write "none")

Q. Acknowledgements in Certain States. The following acknowledgements apply to all franchisees and Franchised Businesses, except those that are subject to the state franchise disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin:

1. Independent Investigation. Franchisee has received, read and understands this Agreement and the attachments hereto; FM has fully and adequately explained the provisions hereof to Franchisee's satisfaction; and Franchisee has been accorded sufficient time and opportunity (as may be required by state and federal law) to consider this Agreement and to consult with advisors of Franchisee's own choosing concerning the potential benefits and risks of entering into this Agreement.
2. No Financial Performance Representations. FM expressly disclaims, and Franchisee acknowledges that it has not received, any warranty, promise, or guarantee, express or implied, as to the potential volume, profits, or success of the business venture contemplated by this Agreement.
3. Acknowledgement of Risks. Franchisee acknowledges and agrees that the success of the Franchised Business contemplated to be undertaken by the Franchisee depends to a large extent upon the ability of the Franchisee or its principal(s) as independent business person(s) and upon the Franchisee's efforts, skill, business background and sales. Franchisee acknowledges and agrees that the Franchised Business may be impacted by many risks, including those outside FM's or FM's control such as economic, political or social disruption, including COVID-19.

For all applicable franchisees: Franchisee has read this Section Q, understands it and agrees with it.

Your Initials: _____ / _____ / _____

R. No Waiver or Disclaimer of Reliance in Certain States. The following provision applies only to franchisees and Franchised Businesses that are subject to the state franchise disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or

Wisconsin:

No statement, questionnaire, or acknowledgement signed or agreed to by Franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by Franchisor, any franchise seller, or any other person acting on behalf of Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

S. Officers, Shareholders or Partners of Franchisee. If Franchisee is a Corporation, Partnership or Limited Liability Company, set forth below is a list of all officers, shareholders, partners or members of Franchisee, their respective holdings and spouses. If Franchisee is a sole proprietor, list name of spouse below.

Name	Percentage (Total must =100%)	Office Held
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

[Signature Page on Following Page]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day, year and place first above written.

FM (FRANCHISOR)
TCB FURNITURE MEDIC, LLC

WITNESS:

By: _____

By: _____

Title: _____

ATTEST:

By _____
Secretary (if corporation)

FRANCHISEE

By: _____
Signature of owner; partner; duly
authorized officer, indicating office held;
or member

SEAL (if corporation)

By: _____
(If partnership, other partner signs here)
(If corporation, duly authorized officer)
(If LLC, duly authorized member)

By: _____
(If third partner, the third partner signs here)
(If LLC, duly authorized member)

Attachment 1

PERSONAL GUARANTY AND AGREEMENT TO BE BOUND PERSONALLY BY THE TERMS AND CONDITIONS OF THE FRANCHISE AGREEMENT

In consideration of the execution of the Franchise Agreement by FM, and for other good and valuable consideration, the Franchisee, and if the Franchisee is an entity, each owner of a ten percent (10%) or greater beneficial interest in the Franchisee, in their individual capacities do, jointly and severally hereby guaranty and agree to be personally bound for the payment of all amounts and the performance of the covenants, terms and conditions of the Franchise Agreement, to be paid, kept and performed by the Franchisee as though the undersigned and each of them executed an agreement containing the identical terms and conditions of the Franchise Agreement.

In addition to the other Franchise Agreement provisions, each of the undersigned agree to be personally bound to the confidentiality provisions and covenants of the Franchise Agreement.

In addition, if the Franchisee fails to comply with or defaults on any other terms and conditions of the Franchise Agreement, then the undersigned, and any successors or assigns to this agreement, do hereby, individually, jointly and severally, promise and agree to comply with the terms and conditions of the Franchise Agreement for and on behalf of the Franchisee.

Notwithstanding anything in this Guaranty to the contrary, the undersigned, if the Franchisee is in full compliance with this Agreement and all other agreements between the Franchisee and FM and its affiliates, shall have no personal liability for any indemnity obligation under the Franchise Agreement if and for so long as the Franchisee obtains and maintains in full force and effect the insurance policies in coverages and amounts, and with the additional insureds, all as required under Article V, Section K.

Each of the undersigned hereby submits to personal jurisdiction exclusively in the state and federal courts located in the metropolitan area of FM's then-current principal place of business (currently, Memphis, Tennessee) with respect to any litigation, action or proceeding pertaining to this Personal Guaranty or the Franchise Agreement and agrees that all such proceedings will and must be venued in such state. Each of the undersigned consents to and agrees that they are subject to and will abide by the dispute resolution provisions contained in the Franchise Agreement.

PERSONAL GUARANTORS

_____, individually
Signature

Print Name _____

Home Address _____

_____, individually
Signature

Print Name _____

Home Address _____

_____, individually
Signature

Print Name _____

Home Address _____

_____, individually
Signature

Print Name _____

Home Address _____

Attachment 2

SPOUSE ACKNOWLEDGMENT

My name is _____ .

I am the spouse of _____ .

I am aware that:

- my spouse is investing in a Furniture Medic franchise;
- in connection with the franchise, my spouse is signing a Franchise Agreement, personal guarantee, and/or other documents that involve financial obligations to TCB Furniture Medic, LLC and its affiliates (the “**Franchise Documents**”); and
- TCB Furniture Medic, LLC and its affiliates are relying on all assets of my spouse, including jointly owned marital property, in accepting my spouse’s obligations under the Franchise Documents.

I understand the financial obligations undertaken by my spouse in connection with the franchise, and that the Franchise Documents are being signed for the benefit of, and will be binding on, my marital community.

I understand that this Spouse Acknowledgment does not subject my separate, non-marital property to my spouse’s financial obligations under the Franchise Documents.

I understand that my spouse is bound personally by the following provisions of the Franchise Agreement, and I agree to be bound by them as well: (i) the confidentiality provision in Article VI of the Franchise Agreement; (ii) the covenants in Article XIII of the Franchise Agreement; and (iii) the governing law and dispute resolution provisions in Article XV of the Franchise Agreement.

_____, individually
Signature

Print Name _____

Home Address _____

EXHIBIT A-1

LICENSE # _____

LICENSE OF TERRITORY

EXHIBIT A-2

TELEPHONE LISTING AUTHORIZATION AGREEMENT

THIS AGREEMENT, entered into between TCB FURNITURE MEDIC, LLC (hereinafter referred to as "FM"), and _____, (hereinafter referred to as "Franchisee").

WITNESSETH

WHEREAS, FM is the franchisor of the Furniture Medic System and FM's parent or its affiliate is the owner of the "Furniture Medic" trademark; and

WHEREAS, FM and Franchisee have entered into a Franchise Agreement (the "Franchise Agreement") pursuant to which Franchisee is granted the limited right to use the trademark and related commercial symbols in Franchisee's business telephone directory listings; and

WHEREAS, Franchisee is authorized to continue using the Furniture Medic commercial symbols until such time as the Franchise Agreement is terminated or expires.

NOW, THEREFORE, the parties hereby agree as follows:

1. Franchisee is authorized to obtain separate telephone service, and/or participate in a central telephone service for Franchisee's Furniture Medic franchised business. Such service shall not be used in conjunction with any other business or residential telephone service.
2. Franchisee is authorized and agrees to secure white pages and directory assistance listings only in the Franchisee's approved doing business as (dba) name ("Furniture Medic by") as listed in the Franchise Agreement. No other names may be used in conjunction with the Furniture Medic trademark and no additional listings may be used with the telephone number assigned unless approved in writing in advance by FM.
3. All telephone listings, display advertising, layout, and copy shall be approved in advance in writing by FM, and Franchisee agrees that the telephone company shall not accept placements of any such copy unless written approval by FM is attached.
4. Franchisee shall be responsible for the payment of all monthly service charges, directory listings and Yellow Page advertising or reasonable share of central numbers and associated listings and advertising.
5. Franchisee agrees that such telephone number(s), namely, _____, and listings and advertisements shall be considered to be the sole property of FM. Upon termination of the Franchise Agreement for whatever reason, Franchisee agrees that Franchisee shall immediately cease all use of such telephone number(s) and listings and advertisements and that all such telephone number(s), listings and advertisements shall become the sole property of FM, at its option, subject to FM's obligation to pay all fees due therefore becoming due and payable after the date of cessation of use.
6. Franchisee, by this Agreement, hereby releases and forever discharges FM and its successors or assigns and the telephone company from liability of any kind or character which results or may result directly or indirectly from FM's exercise of its rights hereunder or from the telephone company's cooperation with FM in effecting the terms of this Agreement.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed this _____ day of _____, 20_____.

FRANCHISOR
TCB FURNITURE MEDIC, LLC

FRANCHISEE

By: _____
Its: _____

Name _____
Title _____

EXHIBIT A-3

TCB FURNITURE MEDIC

MEDIC RESTORATION NETWORK AGREEMENT

Background Information:

- A. This Medic Restoration Network Agreement (this “**Agreement**”) is entered into as of the date indicated below by and between the Franchise Owner indicated below (the “**Franchisee**”) and Medic Restoration Network, LLC (“**MRN**”).
- B. TCB Furniture Medic, LLC, as the franchisor of the Furniture Medic brand (the “**Franchisor**”) and the Franchisee, entered into a Franchise Agreement dated _____, 20__ (the “**Franchise Agreement**”), whereby the Franchisee has been granted the right to carry on a Franchised Business in the Furniture Medic franchise system (the “**System**”).
- C. The Medic Restoration Network is a program (the “**MRN Program**”) managed by MRN with the purpose of coordinating the provision of requested services by franchisees in the System to insurance carriers and their end consumers and other similar customers (the “**Customer**” and “**Customers**”).

Agreement:

Now, therefore, MRN, Franchisor and Franchisee agree as follows:

- A. **Interpretation.** All capitalized terms not otherwise defined herein shall have the same meaning as under the Franchise Agreement.
- B. **Franchisee Acknowledgements.** Franchisee acknowledges and agrees to the following:
 - 1. MRN has sole discretion over the management, oversight and operations of the MRN Program;
 - 2. MRN has sole discretion to approve Franchisee for eligibility for the MRN Program;
 - 3. Franchisee has no right to any leads from the MRN Program and may never receive any leads even if they are deemed eligible for the MRN Program;
 - 4. MRN has no obligation to provide MRN Program leads to Franchisee;
 - 5. In addition to the terms of this Agreement, Franchisor may impose other, additional terms and conditions that apply to the MRN Program and to Franchisee in the Franchisor’s Operations Manual;
 - 6. On the effective date of this Agreement, the MRN Program Lead Fees are \$75 for any revenue generating lead from the MRN Program. Notwithstanding the foregoing, Lead Fees may, from time to time, be increased by the Franchisor or MRN upon notice to the Franchisee;
 - 7. Any MRN Program lead that generates any revenue at all will be assessed a Lead Fee of \$75 (e.g., even if the MRN Program lead generated revenue of \$1.00, the Lead Fee would still be assessed). MRN will assess Lead Fees regardless of whether or not the Franchisee has collected or received payment for their services from the Customer or MRN. Lead Fees apply to leads that end in inspections, estimates, repairs, restoration, removal, re-installation, cleaning, consultation, and any other revenue generating Franchised Services;
 - 8. Payments for services performed by Franchisee as part of the MRN Program may be paid to and collected by MRN, who will then disburse funds to the Franchisee;
 - 9. On the effective date of this Agreement, Late Fees are \$100 and are assessed each month a Lead Fee is not paid by the due date. Notwithstanding the foregoing, Late Fees may, from time to time, be increased by the Franchisor or MRN upon notice to the Franchisee;

10. All Lead Fees and Late Fees will be automatically drafted from the Franchisee's bank account by MRN on their due date;
11. Franchisee will uphold the standards, requirements, terms and conditions outlined in this Agreement and the Operations Manual;
12. Franchisee will comply with the terms of the Franchise Agreement in full;
13. MRN or Franchisor may, at any time, terminate Franchisee from the MRN Program;
14. MRN may discontinue the MRN Program for any reason, at any time;
15. MRN reserves the right to set off any amounts owing to MRN from any payments owed by MRN to Franchisee on account of any services provided to a Customer under the MRN Program;
16. MRN may assign this Agreement to any of its affiliates or any third party, without obtaining the prior consent of Franchisee; and
17. MRN may, in its sole discretion, engage other franchisees or third-parties to service a Customer in Franchisee's Designated Territory, or may service such accounts itself or through an affiliate, without liability or compensation to Franchisee.

C. Franchisee Prerequisites. In order to become qualified, and remain qualified during the term of the Franchise Agreement (and any renewals thereto), to participate in the MRN Program, Franchisee must, at a minimum, meet the following requirements:

1. Franchisee has a current, signed Franchise Agreement with the Franchisor;
2. Franchisee is in compliance with the terms of the Franchise Agreement, including but not limited to, consistently reporting their sales to Franchisor on time, paying royalties, paying National Advertising Fund contributions, and performing the Franchised Services in accordance with the terms and conditions of the Franchise Agreement and the Operations Manual;
3. Franchisee does not have any outstanding invoices past due to Franchisor, MRN, or their affiliates;
4. Franchisee, by signing this Agreement, agrees to enroll in EFT (electronic funds transfer), pay all Lead Fees and Late Fees through EFT, and receive all payments related to MRN Program services from MRN via EFT before Franchisee is approved;
5. Franchisee, by signing this Agreement, agrees to attend or has already attended MRN Program technical training, operations training, sales training and marketing training provided by MRN or the Franchisor, as applicable;
6. Franchisee, by signing this Agreement, represents and warrants to MRN and the Franchisor that it carries and complies with, and will at all times carry and comply with, the Insurance Requirements in the Franchise Agreement. Franchisee has provided a certificate of insurance with proof of the Insurance Requirements to MRN prior to the date hereof;
7. Franchisee, by signing this Agreement, represents and warrants to MRN and the Franchisor that it has in place, and will at all times have in place, appropriate, reasonable and at least industry standard disaster recovery measures designed to prevent any interruptions in providing Franchised Services for Customers, and that it has established disaster contingency plans governing how its business will survive after an incident.
8. As required by the Franchise Agreement, Franchisee and its employees will drive one or more Service Vehicles to a Customer's home or business when performing Franchised Services for Customers through the MRN Program.

9. Franchisee and its employees have appropriate Furniture Medic brand-identified uniforms, which must be worn to the Customer's home or business;
10. Franchisee will perform annual, national background checks on all owners of the Franchisee, any Manager of the Franchised Business, and on any employee who in their day-to-day job function comes in contact with and provides services for Customers (the "**Background Screening**"). In order for MRN to comply with the requirements of its insurance partners, no employee with a felony conviction can work on any MRN Program related job sites. The Background Screening must include a review of the following, in the sequence shown and covering the past ten (10) years or the longest period for which records exist in such state/county (the "**Look-Back Period**"), to achieve acceptable results:
 - i. Ten-Year County Criminal Background Check: Must include felony/misdemeanor county criminal record searches in the county in which the candidate currently resides, as well as all counties in which the candidate has lived, worked, or attended school, during the last five years. Must include all names the candidate has used.
 - ii. Ten-Year Federal Criminal Background Check: Conducted by Federal District based on the candidate's residence history, work history, and school locations. Must include all names the candidate has used.
 - iii. Education Verification: Verifies the type of diploma of the highest degree and dates of attendance/graduation.
 - iv. Social Security Trace: Address and name search generated using SSN.
 - v. Government Watch List: Multiple government databases associated with global terrorism, narcotics, trafficking, and those barred from contracting with government agencies including office of Financial Activity Control Compliance.
 - vi. National Sex Offender: Identifies individuals associated with sex related crimes.
 - vii. Professional License Verification: Verifies professional or technical licensing (license number, issue date, expiration date, and current status).
 - viii. Drug Screen: Complete a 5 panel pre-employment drug screening on all candidates before beginning an assignment.
- b. Franchisee, by signing this Agreement, represents and warrants to MRN and Franchisor that it has completed the Background Screening and that each candidate passed the Background Screening (or if a candidate did not pass the Background Screening, Franchisee did not employ such candidate). For any new employees, Franchisee acknowledges and agrees that the Background Screening must be performed on, and passed by, each new candidate before hiring;
11. Franchisee agrees to verify the employment history for all employees for the past five (5) years or the three (3) most recent employers;
12. Franchisee will be Environmental Protection Agency ("**EPA**") Renovation, Repair, and Painting (RRP) lead certified within 6 months of signing this Agreement. The Franchisee agrees to maintain at all times during the term of this Agreement a current certification with the EPA for renovations involving lead-based paint and fully comply with the EPA's Lead Renovation, Repair and Painting Rule ("**LRRP Rule**"), 40CFR 745, Subpart E promulgated under the Toxic Substances Control Act ("**TSCA**"), 15 U.S.C. 2682 and 2686 and to provide a copy of such certification annually to MRN and Franchisor. Additionally, at all times during the term of this Agreement, at least one employee of Franchisee must be certified as a Certified Renovator (as defined in the LRRP Rule) and shall be responsible for training other Franchisee employees and for supervising work practices involving lead-based paint including, but not limited to, removal, clean-up and waste disposal. All removal, clean-up and waste disposal procedures

involving lead-based paint must fully comply with the TSCA and the LRRP Rule. Additionally, the Certified Renovator shall maintain complete project files for the services provided to each customer for three (3) years following completion of the project in compliance with the TSCA and the LRRP Rules applicable to record-keeping. At a minimum, such project files shall include verifications of owner/occupant receipt of the Renovator Rights pamphlet or documentation of all attempts to inform, documentation of work practices, Certified Renovator certifications, and proof of training of Franchisee employees by the Certified Renovator;

- a. Detailed RRP lead certification information can be found at <http://www.epa.gov/lead/renovation-repair-and-painting-program>
 - b. A list of available classes can be found at <https://www.greenedu.com>
13. Franchisee will have at least one employee or vendor dedicated to providing live phone and email answering between normal business hours from 8 AM – 5 PM local time on Monday through Friday;
14. Franchisee must be capable of performing and providing the following services up to or exceeding the standards of MRN and Franchisor. MRN and Franchisor have the sole discretion to determine if the capabilities of the Franchisee meet their standards. It is possible for Franchisee to only be eligible and approved to perform one service and not the other. For example, Franchisee has capabilities to perform furniture restoration but NOT cabinet restoration; franchisee could still be eligible to be on the program and only receive leads related to furniture restoration but not cabinet restoration. Unless Franchisee is also a franchisee of Renew Medic, Franchisee's Franchise Agreement may not permit them to perform cabinet restoration.
- a. Cabinet restoration, which includes:
 - i. Inspections of affected cabinetry
 - ii. Estimating of cabinetry restoration
 - iii. Emergency Cabinet Removal (ECR)
 - iv. Safe bracing of countertops
 - v. Countertop detach and reset
 - vi. Custom manufacturing of cabinetry
 - vii. Custom color matching
 - viii. Painting and staining
 - ix. Custom finishing and refinishing
 - x. Cleaning and touch up of cabinetry
 - xi. Stripping and sanding
 - xii. Cabinet assembly
 - xiii. Custom installation and re-installation of cabinetry
 - xiv. Cabinetry precision repairs
 - xv. Cabinetry storage
 - xvi. Pick up and delivery
 - b. Furniture restoration, which includes:
 - i. Inspections of affected furniture
 - ii. Estimating restoration of furniture
 - iii. Custom color matching
 - iv. Custom finishing and refinishing
 - v. Precision repairs
 - vi. Structural repairs
 - vii. Upholstery cleaning

- viii. Hard furniture cleaning
 - ix. Leather cleaning
 - x. Furniture touch up
 - xi. Furniture storage
 - xii. Pick up and delivery
15. Franchisee must have at least one person from their Franchised Business register for and attend the annual convention hosted by the Franchisor every year;
 16. Franchisee agrees to provide the appropriate Franchisor-approved Furniture Medic-branded marketing material to every Customer;
 17. Franchisee must comply with all of the terms and conditions concerning marketing efforts in the Franchise Agreement;
 18. Franchisee is required to have an Office that complies with the terms and conditions in the Franchise Agreement and the Operations Manual;
 19. Franchisee is required to utilize one version of CoreLogic's DASH job management system. Costs may vary based on pricing changes from CoreLogic and MRN;
 - a. One option is the lighter SSP version with expected costs of \$125-250 per month.
 - b. The other option is the full ASP version with expected costs of \$700 per month to \$1,200 per month with possible start up fees of \$2,500. Furniture Medic Franchisees are required to utilize this version for their entire business.
 20. Franchisee is required to have at least one (1) of Verisk's Xactimate standard license used exclusively for their business. This Xactimate license cannot be shared and used by other businesses or entities or ventures the Franchisee may own or participate in or be shared by other Franchisees or businesses. Expected cost is \$200 per license per month but can vary based on Verisk's and MRN pricing;
 21. Franchisee is required to have access to CoreLogic's ClaimsConnect and CoreLogic's Mobile Claims system. CoreLogic may charge fees directly to the Franchisee for use of this system, none of which is collected by MRN;
 22. Franchisee is required to use Quickbooks Online for accounting and finance purposes and provide financial statements to MRN on a monthly basis;
 23. Franchisee is required to have all necessary licenses required by law to perform the Franchised Services in their Designated Territory. It is the sole responsibility of the Franchisee to determine what licensing is required by law in the location where they operate their Franchised Business and anywhere they may provide Franchised Services;
 24. Franchisee understands that where legally possible the Franchisee must provide a three (3) year warranty period for any restoration services they provide to any Customer as part of the MRN Program;
 25. Franchisee understands that Customers reserve the right to remove or suspend them from their specific program for any reason. MRN may advocate for any Franchisee that has been removed, but it is the sole decision of the Customer to either remove or suspend a Franchisee from their program. The period of suspension can range at the discretion of the Customer;
 26. Franchisee understands it is Franchisee's sole responsibility to resolve all customer complaints with the Customer. If Franchisee is unable to resolve the issue, Franchisee will be responsible to pay for correcting the problem(s). MRN's only role is to facilitate the communication and accountability between the two parties involved in the complaint;
 27. Franchisee understands and agrees that if MRN or Franchisor compensates, reimburses or otherwise incurs expense to address concerns or claims of a Customer for actions by the Franchisee, the Franchisee will be responsible for reimbursing MRN or Franchisor for all such

costs. MRN or Franchisor will provide written notice (email being sufficient) to Franchisee of the amount and the reason the costs were incurred and Franchisee understands and agrees that the reimbursement amount will be automatically deducted from Franchisee's bank account via EFT.

D. Terms of the MRN Program. If Franchisee is approved by MRN and the Franchisor to participate in the MRN Program, then Franchisee will be subject to and agrees to comply with, all of the terms of the MRN Program below:

1. Franchisee agrees to pay all MRN Program Lead Fees by their due date. Lead Fees are invoiced at the beginning of the second month following the month after they received the MRN Program lead. Example: Franchisee receives a MRN Program Lead from MRN on February 10th, 2024. That Lead generates revenue greater than \$0.00. At the beginning of April 2024, MRN will issue a \$75 invoice for that MRN Program Lead Fee which will then be due on April 20th, 2024. MRN will automatically deduct that Lead Fee from the Franchisee's bank account via EFT on April 20th, 2024.
2. Franchisee will provide weekly updates to Customer and MRN on all open leads and assignments in the correct systems, like XactAnalysis and ClaimsConnect.
3. Franchisee will provide all communication, documents, photos, and notes for leads in the correct systems, like XactAnalysis and ClaimsConnect.
4. Franchisee agrees to follow all program guidelines and Service Level Agreements ("SLA" or "SLAs") for each individual Customer by following and completing all of the necessary tasks in the correct systems.
5. Franchisee further agrees to adhere to all of the requirements in **Annex A** that are specific to Farmers Insurance Exchange, which is an insurance partner participating in the MRN Program. If Franchisee does not comply with all of the requirements in **Annex A** hereto, MRN, Franchisor, or Farmers Insurance Exchange may remove Franchisee from receiving referrals from Farmers Insurance Exchange or may remove Franchisee from participating in the MRN Program entirely.
6. Franchisee will not advise or discuss insurance coverage issues under any applicable insurance policies with the Customer. Franchisee will refer any such inquiries to the applicable representative at the insurance carrier associated with the project for such Customer.
7. Franchisee will notify MRN immediately if they receive a payment that does not belong to them.
8. Franchisee will ensure they are not claiming payments for MRN for jobs that were completed by another Franchisee or jobs that should not have been paid by the Customer.
9. Franchisee will be proactive in notifying MRN in writing via email any request to be turned off of the MRN Program temporarily. Reasons to include: at maximum capacity, illness or on vacation.
10. Franchisee understands that to be reactivated, after being turned off for any reason, they must notify MRN in writing, via email, requesting to be turned back on.
11. Franchisee will be open for business and answering phone calls, emails, and texts in a timely manner from 8:00 AM to 5:00 PM local time on Monday through Friday of each week.
12. Franchisee must provide repair and replacement cost opinion values on inspection reports except for specific Customers as indicated in the program guidelines.
13. Franchisee will respond within 24 hours to MRN or the Franchisor when request is made for information, documentation, or status updates. Failure to do so may result in removal from the MRN Program.
14. Franchisee will use the standardized documents provided by MRN or the Franchisor including but not limited to inspection reports, estimates, work authorizations, certificates of satisfaction, and invoices.

15. Franchisee will participate in customer service results survey and net promoter score (NPS) program.
16. Franchisee will manage all assignments for MRN Program leads in the correct systems.
17. Franchisee will not reject a MRN Program lead from and then produce the job locally for the company outside of the MRN Program.
18. Franchisee will not transfer any leads or jobs that they have received from MRN to any other Franchisee or any other company. If Franchisee is unable to perform the job, contact MRN for re-assignment immediately.
19. All Franchisee invoices for completed MRN Program services should be paid by the Customer to MRN. It is suggested that the Franchisee includes payment information to the Customer when sending a copy of the invoice.
20. Franchisee and all of their employees and vendors who provide service to Customers must adhere to the MRN Program Code of Conduct included in this Agreement. Certain Customers may have their own separate Code of Conduct which Franchisees must adhere to. It is the Franchisee's sole responsibility to ensure any Code of Conduct specific to certain Customers is also followed by them and their employees.

E. MRN Code of Conduct

This Code of Conduct must be adhered to by Franchisee, the Franchisee's owners, any Manager of the Franchised Business, the Franchisee's employees and the Franchisee's representatives. References to "you" or "your" are references to Franchisee or Franchisee's owners, representatives, Manager(s) and their employees. Your professionalism and quality work is your best salesman. Naturally, as representatives of the Medic Restoration Network, your actions should always be unquestionably proper. You agree to:

1. Maintain a neat and professional appearance (identification, personnel and equipment).
2. Have no criminal convictions.
3. Exhibit a professional demeanor.
4. Be prompt and timely deliver the Franchised Services in accordance with commitments made to the Customer(s).
5. Be prepared for the job. Have all required equipment and information when entering a Customer's home or business.
6. Be a licensed, insured, courteous and safe driver.
7. Offer identification when meeting the Customer(s).
8. Do not offer gifts or gratuities to any Customers that would be in violation of laws or regulations or guidelines of specific Customers.
9. Conduct and discuss claim assignment related information only with the appropriate adjuster or carrier representatives.
10. Do not discuss policy information/coverage with the Customer, unless authorized by an adjuster or carrier representative.
11. Do not disclose any Customer information to any third parties.
12. Do not speak poorly of your team, the Franchisor, or other Customers to anyone.
13. Do not provide advice on areas outside your expertise.
14. Always restore and clean your work area.
15. Do not suggest contractors.
16. Do not discuss deductibles with the policy holder.
17. Do not use the Customer's restroom.
18. Do not use the Customer's phone or computer.

19. Respect the Customer's privacy and home or business.
20. Never use anything belonging to the Customer without obtaining permission from the Customer first.
21. Use cell phones allowed for work related tasks only.
22. Do not eat in a Customer's home or business.
23. Do not enter premises unless an adult is present or you have authorization.
24. Use professional language. Never curse or use profane language on a job site or when in the presence of Customers.
25. Do your best to accommodate Customer's timeframe.
26. Restrict use of Customer's premises to work area.
27. Explain process and timeframes to the Customer upfront and update them as required.
28. Maintain only professional relationships and conduct with the Customer, Customer's family members and other employees.
29. Comply with all laws, rules and regulations applicable to the Franchised Services.
30. Do not consume or use any nicotine, tobacco, vapes, alcohol, illegal drugs, or other similar products while in the presence of Customers or in the Customer's home or business.
31. Clean up the work area when leaving.
32. Always ensure the property is left safe and secure.
33. Maintain and leave a safe working environment.
34. Do not play any music or the radio in the work area or in the Customer's home or business.
35. Do not remove or move any Customer's property unless authorized.
36. Permit only work-related personnel into the work area.
37. Limit photos and videos to those that are work-related.

[Signatures to follow]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day, year and place first above written.

FM (FRANCHISOR)
TCB FURNITURE MEDIC, LLC

By: _____

Title: _____

WITNESS:

By: _____

ATTEST:

By _____

Secretary (if corporation)

SEAL (if corporation)

FRANCHISEE

By: _____

Signature of owner; partner; duly authorized officer, indicating office held; or member

By: _____

(If partnership, other partner signs here)
(If corporation, duly authorized officer) (If LLC, duly authorized member)

By: _____

(If third partner, the third partner signs here) (If LLC, duly authorized member)

Annex A

Farmers Insurance Exchange Additional Requirements

- I. Participation Requirements. Franchisee agrees to the following additional requirements when performing Services for Customers of Farmers Insurance Exchange (“Exchange” or “Farmers”).
- A. Franchisee must perform services in a professional, workmanlike, and timely manner, to the reasonable satisfaction of the Customer and to Exchange’s Claims staff.
 - B. Franchisee must perform services that conform to all applicable regulations and industry standards.
 - C. Franchisee will be available Monday through Friday 8 am to 5 pm for claim assignment. If claim is referred after hours, the claim will be assigned to Franchisee during business hours on the next business day.
 - D. Franchisee will call the Customer and Farmers adjuster within four (4) hours of accepting the assignment from MRN.
 - E. Franchisee will have two (2) hours to accept or reject the referral. Once the claim is accepted the Franchisee will place its contact person’s name, address, phone number, and e-mail address in XactAnalysis.
 - F. Franchisee will provide a detailed inspection report within forty-eight (48) hours of inspecting the loss location which includes:
 - a) Photo of Damaged Items
 - b) Problem Description
 - c) Solution
 - d) Repair Amount
 - G. Exchange and the Customer will review the inspection report and an Exchange Claim Representative will advise Franchisee if repairs are to be completed.
 - a) If no repairs are to be completed the Franchisee will bill for their inspection, and their inspection fee will be made payable to MRN.
 - i. Inspection Fee Schedule is included below in Article III.
 - H. Franchisee will obtain a signed “Authorization of Repairs & Payment” (in a form provided by MRN which may be updated from time to time at MRN’s sole discretion) from the Customer on each claim prior to starting the repair.
 - I. If Franchisee needs approval or has specific questions / concerns about a claim they should contact the assigned Exchange Employee via phone or email during normal business hours.
 - J. Once the repair is completed Franchisee must obtain a “Certificate of Satisfaction” form from the Customer, a form of which will be provided to Franchisee by Franchisor or MRN.
 - K. Once the repair is completed, Franchisee must upload the following:
 - a) A copy of the Invoice including Exchange claim number
 - b) Inspection Report

- c) Signed Work Authorization
 - d) Signed Certificate of Satisfaction
 - e) Final billing amount
- L. For all emergencies after hours and on weekends, requests for approval or urgent issues for Farmers can be directed to the contact center at 800-435-7764.
- M. Franchisee will comply with the following Service-Level Requirements:
- a) Accept or decline referral within two hours;
 - b) Add contact info to XactAnalysis within 24 hours of accepting referral (this should be same day) ;
 - c) Contact Exchange Employee within four business hours of accepting referral;
 - d) Contact Customer within 4 hours – as above;
 - e) Upload estimate, photos etc. within 48 Hours; and
 - f) Franchisee to start the repairs within 7 days of agreeing to scope of repairs with assigned Exchange Employee if Franchisee has been selected by the Customer to complete the repairs, unless there are other repairs preventing the work from beginning.
- N. Issues requiring Exchange claim representative to be contacted and/or to grant authority:
- a) If Franchisee finds anything that is questionable for the claim such as potential coverage issue or if the cause of loss is dramatically different than what was reported initially, then Franchisee must immediately notify the Exchange.
 - b) If Franchisee discovers any additional work at the loss site that needs to be performed, but is outside the scope of the program, (i.e. structural damage, extensive contents cleaning and handling, etc.) Franchisee will notify the Exchange.
- II. Dispute Resolution.
- A. If there is a Customer dispute regarding Franchisee’s services, Franchisee will update MRN as to the status of the dispute at least once every 48 hours until resolution is completed. In addition, Franchisee will promptly respond to MRN’s requests for additional information regarding the dispute.
 - B. Any Customer complaints not able to be resolved initially will be escalated by either MRN or by Farmers.
 - C. Resolution can occur in two ways for those issues where liability rests with Franchisee:
 - a. Franchisee agrees it is responsible and handles necessary repairs. If repairs are being completed, weekly updates will be required.
 - b. If Franchisee does not immediately agree it is responsible but expert reports or other supporting information supports that Franchisee is responsible, MRN may assign another franchisee to complete necessary repairs and MRN will be automatically reimbursed by withdrawing funds from Franchisee’s ACH for any costs MRN or Franchisor incurs in this process.
 - D. Corrective action may be taken by MRN if Franchisee is responsible but not willing to assist in resolving complaints, including, but not limited to, suspension, or termination from the MRN Program.
 - E. If responsibility does not rest with Franchisee, then the assigned Exchange claim representative will communicate this to the policyholder.
 - F. If the dispute resolution process is unsuccessful, and responsibility rests with Franchisee, Franchisee will notify its insurance carrier of Exchange’s intent to pursue recovery of any payments Exchange makes to resolve the matter with the policyholder. Exchange agrees that it will not submit a claim to their

Subrogation unit until Franchisee has had a reasonable opportunity to respond to the complaints from either Exchange personnel or the policyholder.

III. Inspection Fee Schedule

Furniture ONLY:

- 1-6 Pieces of Furniture \$300
- 7-12 Pieces of Furniture \$350
- 13-18 Pieces of Furniture \$400
- 19-24 Pieces of Furniture \$450
- 25-30 Pieces of Furniture \$500
- Each additional 6 pieces of furniture Additional \$50

Cabinets ONLY:

- Cabinets \$350

Cabinets & Furniture:

- Cabinets & 1-6 Pieces of Furniture \$450
- Each additional 6 Pieces of Furniture \$50

Onsite Non-Repairable \$300

*Photo Inspection \$150

*When Franchisee is provided a photo of potential items and can assess virtually is when this fee applies. In the event Franchisee receives a Photo Inspection but needs to complete an onsite inspection, this \$150 Photo Inspection fee will be waived. Franchisee is provided photos by the Exchange employee. Franchisee then determines repairability and repair estimate based on those photos and writes an estimate and returns to adjuster.

In regards to *Photo Inspection:

Exchange employee should verify Franchisee is available via the vendor locator tool;

Exchange employee will send a service to MRN through Guidewire Claim Center with the Exchange employee adding a note indicating this is a photo only assignment;

Exchange employee will upload the photos for Franchisee to evaluate;

Franchisee will upload an estimate based on the photos provided in Xactimate; and

Franchisee will upload an invoice in Xactimate / XactAnalysis.

*Franchisee agrees not to invoice Exchange an inspection fee for 30 thirty days from date of inspection.

(Franchisee visits homeowner and finds items not repairable)

***All fees are waived if Franchisee completes the repair.

IV. Key Performance Indicators.

All invoices need to be submitted as promptly as possible. Any invoice that is one (1) year or older, for which no Services have been provided in that one (1) year period, will not be paid by the Exchange. One (1) year means one (1) year from the last date the Service.

	Performance Metrics	Benchmark	Goal	Goal
#	Key Performance Indicators		ONSITE	PHOTO
1	<p>Referral Acceptance/Declination Franchisee shall Accept or Decline the referral within two (2) business hour of receipt. Photo Request updates will depend on quality of photos</p>	Business Hour	2	2
2	<p>Contact with Customer Franchisee shall contact the Exchange's customer within four (4) business hours of referral receipt</p>	Business Hours	4	N/A
3	<p>Update Exchange Contact with Exchange: Franchisee shall contact the adjuster or coordinator with Customer Contact Update through email within four (4) business hours of receipt.</p>	Business Hours	4	N/A
5	<p>Inspect Franchisee shall inspect the property within forty-eight (48) hours after initial contact with customer.</p>	Business Hours	48	N/A
6	<p>Estimate Upload Franchisee shall upload R3 Report with digital photos, description of the repair and opinion of replacement costs within forty-eight (48) hours after inspection of the loss.</p>	Business Hours	48	24

Note: A business hour is defined as occurring between 8:00 a.m. and 5:00 p.m., Monday through Friday, local time (at the location where Services are

*provided) except Federally recognized
holidays.*

FDD EXHIBIT B

FINANCIAL STATEMENTS AND GUARANTY

(See attached).

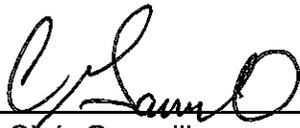
GUARANTEE OF PERFORMANCE

For value received, TCB Services HoldCo, LLC, a Delaware limited liability company (the "Guarantor"), located at 3060 Peachtree Road, NW, Suite 201, Atlanta, Georgia 30305 absolutely and unconditionally guarantees to assume the duties and obligations of TCB Furniture Medic, LLC, located at 57 Germantown Court, Suite 201, Cordova, Tennessee 38018- (the "Franchisor"), under its franchise registration in each state where the franchise is registered, and under its Franchise Agreement identified in its Furniture Medic Franchise Disclosure Document, as it may be amended, and as that Franchise Agreement may be entered into with franchisees and amended, modified or extended from time to time. This guarantee continues until all such obligations of the Franchisor under its franchise registrations and the Franchise Agreement are satisfied or until the liability of Franchisor to its franchisees under the Franchise Agreement has been completely discharged, whichever first occurs. The Guarantor is not discharged from liability if a claim by a franchisee against the Franchisor remains outstanding. Notice of acceptance is waived. The Guarantor does not waive receipt of notice of default on the part of the Franchisor. This guarantee is binding on the Guarantor and its successors and assigns.

Signed at MEMPHIS, TENNESSEE, on APRIL 30, 2025
 [Insert City Above] [Insert State Above] [Insert Date Above]

Guarantor:

TCB Services HoldCo, LLC

By: 
Name: Chris Gammill
Title: Chief Executive Officer



TCB Services HoldCo, LLC and Subsidiaries

Independent Auditor's Report and Consolidated Financial Statements

December 31, 2024 and 2023



TCB Services HoldCo, LLC and Subsidiaries
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December 31, 2024 and 2023

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Independent Auditor's Report

Board of Managers
TCB Services HoldCo, LLC and Subsidiaries
Memphis, Tennessee

Opinion

We have audited the consolidated financial statements of TCB Services HoldCo, LLC and Subsidiaries (the "Company"), which comprise the consolidated balance sheets as of December 31, 2024 and 2023, and the related consolidated statements of comprehensive loss, changes in members' equity, and cash flows for the year ended December 31, 2024 and period from March 31, 2023 to December 31, 2023, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and the results of its operations and its cash flows for the year ended December 31, 2024 and period from March 31, 2023 to December 31, 2023 in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other-Matter

In our report dated April 29, 2024, we expressed an opinion that the 2023 consolidated financial statements did not fairly present the financial position, results of operations, and cash flows of the Company in accordance with accounting principles generally accepted in the United States of America because of the departure from such principles: the Company previously did not identify and analyze the value of intangible assets acquired separately from goodwill. As described in Note 2, the Company has changed its method of accounting for this item and restated its 2023 consolidated financial statements to conform with accounting principles generally accepted in the United States of America. Accordingly, our present opinion on the restated 2023 consolidated financial statements, as presented herein, is different from that expressed in our previous report.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not absolute assurance, and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Forvis Mazars, LLP

**Birmingham, Alabama
April 30, 2025**

TCB Services HoldCo, LLC and Subsidiaries
Consolidated Balance Sheets
December 31, 2024 and 2023

	2024	2023 As Restated
ASSETS		
Current Assets		
Cash	\$ 1,736,027	\$ 1,861,862
Accounts receivable, net	1,744,530	1,617,560
Other receivables	485,856	-
Prepaid expenses and other current assets	337,782	190,172
Total Current Assets	4,304,195	3,669,594
Property and equipment, net	1,105,077	42,500
Right-of-use asset - operating	1,556,153	-
Goodwill, net	13,591,343	10,258,260
Intangible assets, net	11,920,040	13,034,791
Deferred tax assets	94,570	-
Notes receivable	149,239	268,724
Total Assets	\$ 32,720,617	\$ 27,273,869
LIABILITIES AND MEMBERS' EQUITY		
Current Liabilities		
Accounts payable	\$ 1,188,298	\$ 732,638
Accrued expenses and other payables	736,452	458,698
Deferred revenue	484,468	-
Current portion of notes payable	821,429	-
Line of credit	500,000	-
Current portion of operating lease liabilities	493,454	-
Total Current Liabilities	4,224,101	1,191,336
Noncurrent Liabilities		
Notes payable, net of current portion and deferred financing fees	6,664,418	-
Noncurrent portion of operating leases	1,086,655	-
Total Liabilities	11,975,174	1,191,336
Members' Equity	20,745,443	26,082,533
Total Liabilities and Members' Equity	\$ 32,720,617	\$ 27,273,869

TCB Services HoldCo, LLC and Subsidiaries
Consolidated Statements of Comprehensive Loss
Year Ended December 31, 2024 and Period from March 31, 2023 to December 31, 2023

	<u>2024</u>	<u>2023</u> <u>As Restated</u>
Net Revenues	\$ 9,237,267	\$ 6,168,933
Operating Expenses		
Subcontractor costs	1,208,476	1,614,785
Salaries and wages	4,172,708	2,161,298
Depreciation and amortization	2,361,412	1,615,291
General and administrative	4,707,220	2,611,604
Company owned locations operating costs	2,118,173	-
Transaction costs	467,000	1,293,018
	<u>15,034,989</u>	<u>9,295,996</u>
Loss from Operations	(5,797,722)	(3,127,063)
Other Expense		
Interest expense	347,731	-
Other (income)	(24,222)	(3,900)
	<u>(6,121,231)</u>	<u>(3,130,963)</u>
Loss Before Income Taxes	(6,121,231)	(3,130,963)
Income tax provision (expense)	137,167	(45,357)
	<u>(5,984,064)</u>	<u>(3,176,320)</u>
Net Loss	(5,984,064)	(3,176,320)
Other Comprehensive Income		
Unrealized foreign currency translation gain	(199,120)	7,688
	<u>(199,120)</u>	<u>7,688</u>
Comprehensive Loss	<u>\$ (6,183,184)</u>	<u>\$ (3,168,632)</u>

TCB Services HoldCo, LLC and Subsidiaries
Consolidated Statement of Members' Equity
Year Ended December 31, 2024 and Period from March 31, 2023 to December 31, 2023

	<u>Class A Units</u>	<u>Class B Units</u>	<u>Accumulated Deficit</u>	<u>Accumulated Other Comprehensive Income (Loss)</u>	<u>Total</u>
Balance, March 31, 2023	\$ -	\$ -	\$ -	\$ -	\$ -
Members' contribution	29,200,000	-	-	-	29,200,000
Share-based compensation	-	51,165	-	-	51,165
Unrealized foreign currency translation gain	-	-	-	7,688	7,688
Net loss	-	-	(3,176,320)	-	(3,176,320)
Balance, December 31, 2023, As Restated	29,200,000	51,165	(3,176,320)	7,688	26,082,533
Members' contribution	750,000	-	-	-	750,000
Share-based compensation	-	96,094	-	-	96,094
Unrealized foreign currency translation loss	-	-	-	(199,120)	(199,120)
Net loss	-	-	(5,984,064)	-	(5,984,064)
Balance, December 31, 2024	<u>\$ 29,950,000</u>	<u>\$ 147,259</u>	<u>\$ (9,160,384)</u>	<u>\$ (191,432)</u>	<u>\$ 20,745,443</u>

TCB Services HoldCo, LLC and Subsidiaries
Consolidated Statements of Cash Flows
Year Ended December 31, 2024 and Period from March 31, 2023 to December 31, 2023

	<u>2024</u>	<u>2023</u> <u>As Restated</u>
Operating Activities		
Net loss	\$ (5,984,064)	\$ (3,176,320)
Adjustments to reconcile net loss to net cash used in operating activities		
Depreciation and amortization	2,361,412	1,615,291
Provision for credit losses	356,794	4,167
Share-based compensation	96,094	51,165
Deferred financing costs amortization	22,347	-
Paid-in-kind interest	30,232	-
Non-cash operating lease expense	430,924	-
Changes in assets and liabilities		
Accounts receivable	156,840	(973,448)
Prepaid expenses and other current assets	(125,439)	(190,170)
Deferred tax assets	(94,570)	-
Accounts payable	336,952	451,075
Accrued expenses and other payables	(19,372)	402,500
Deferred revenue	51,577	-
Lease liabilities	(406,968)	-
Net Cash Used in Operating Activities	<u>(2,787,241)</u>	<u>(1,815,740)</u>
Investing Activities		
Acquisitions	(3,098,429)	(25,646,102)
Purchases of property and equipment	(470,883)	-
Capitalized software development costs	(24,225)	-
Payments received on notes receivable	119,485	116,016
Net Cash Used in Investing Activities	<u>(3,474,052)</u>	<u>(25,530,086)</u>
Financing Activities		
Borrowings on notes payable	5,250,000	-
Proceeds on revolving line of credit, net	500,000	-
Financing costs	(316,732)	-
Members' contributions	750,000	29,200,000
Net Cash Provided by Financing Activities	<u>6,183,268</u>	<u>29,200,000</u>
Net Increase in Cash	(78,025)	1,854,174
Effect of foreign currency exchange rate changes	(47,810)	7,688
Cash, Beginning of Period	<u>1,861,862</u>	<u>-</u>
Cash, End of Period	<u>\$ 1,736,027</u>	<u>\$ 1,861,862</u>

TCB Services HoldCo, LLC and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2024 and 2023

Note 1. Organization and Nature of Business

TCB Services Holdco, LLC ("HoldCo") was formed on February 24, 2023 under the laws of the state of Delaware as a limited liability company, for the purpose of acquiring the membership interests of TCB Services Holdings, LLC, TCB Services LTD., and TCB Group Holdings Ltd. under the terms of the purchase agreement dated March 31, 2023 (the "Transaction"). On March 31, 2023, the members of Holdco executed the Amended and Restated Limited Liability Company Agreement and capitalized HoldCo. HoldCo through its subsidiaries (collectively, the "Company") is a franchisor of furniture repair and home inspection companies.

Note 2. Restatement of Prior Years' Consolidated Financial Statements

In prior year, the Company did not separately identify and value intangible assets in conjunction with business combination accounting on March 31, 2023. During 2024, the Company retroactively recorded the acquired intangible assets as of March 31, 2023.

The following financial statement line items for 2023 were affected by the correction.

	<u>As Restated</u>	<u>As Previously Reported</u>	<u>Effect of Change</u>
Statement of Comprehensive Loss			
Depreciation and Amortization	\$ 1,615,291	\$ 1,876,768	\$ (261,477)
Loss from operations	\$ (3,127,063)	\$ (3,388,540)	\$ 261,477
Loss before income taxes	\$ (3,130,963)	\$ (3,392,440)	\$ 261,477
Net Loss	\$ (3,176,320)	\$ (3,437,797)	\$ 261,477
Comprehensive Loss	\$ (3,168,632)	\$ (3,430,109)	\$ 261,477
Balance Sheet			
Intangible assets, net	\$ 13,034,791	\$ -	\$ 13,034,791
Goodwill, net	\$ 10,258,260	\$ 23,031,574	\$ (12,773,314)
Total assets	\$ 27,273,869	\$ 27,012,392	\$ 261,477
Total Liabilities and Members' Equity	\$ 27,273,869	\$ 27,012,392	\$ 261,477
Members' Equity	\$ 26,082,533	\$ 25,821,056	\$ 261,477
Statement of Members' Equity			
Net loss	\$ (3,176,320)	\$ (3,437,797)	\$ 261,477
Accumulated Deficit	\$ (3,176,320)	\$ (3,437,797)	\$ 261,477
Members' Equity	\$ 26,082,533	\$ 25,821,056	\$ 261,477
Statement of Cash Flows			
Net loss	\$ (3,176,320)	\$ (3,437,797)	\$ 261,477
Depreciation and amortization	\$ 1,615,291	\$ 1,876,768	\$ (261,477)

Note 3. Summary of Significant Accounting Policies

Basis of Presentation

The consolidated financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") on the accrual basis of accounting. The accompanying consolidated financial statements include the accounts of the Company. All significant intercompany balances and transactions have been eliminated in consolidation. The accompanying consolidated financial statements are presented for the year ended December 31, 2024 and the period from March 31, 2023 through December 31, 2023 (the "period ended December 31, 2023").

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates made by management in connection with the preparation of the accompanying consolidated financial statements include the fair value of long-lived assets, goodwill and intangible asset considerations, useful lives of long-lived assets and intangible assets, and assumptions utilized in determination of equity incentive. Actual results could differ from those estimates.

Cash

The Company maintains cash depository accounts, which, at times, may exceed federally insured limits. This risk is mitigated by maintaining all deposits in high quality financial institutions. The Company has not experienced any losses in such accounts.

Accounts Receivable

The Company records accounts receivable at their estimated net realizable value. Management monitors accounts receivable for delinquency and provides for probably uncollectible amounts through a charge to earnings and a credit to the valuation allowance based on its assessment of the current status of individual accounts, any known trends or uncertainties related to customer billing and account collectability, current economic conditions, and reasonable supportable economic forecasts. Balances that remain outstanding after the Company has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Management has determined that an allowance for credit losses of approximately \$366,000 and \$11,500 was necessary as of December 31, 2024 and 2023, respectively. The accounts receivable balance was \$648,278 as of March 31, 2023.

Notes Receivable

Notes receivable are carried at face value less an allowance for credit losses. Management monitors notes receivable for delinquency and provides for estimated losses for specific receivables that are not likely to be collected. When determining the collectability of specific customer accounts, management considers customer credit-worthiness, past transaction history with the customer, current economic and industry trends, changes in customer payment trends, and reasonably supportable economic forecasts. No allowance for credit losses was deemed necessary as of December 31, 2024 and 2023.

TCB Services HoldCo, LLC and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2024 and 2023

Property and Equipment

Property and equipment are remeasured to the estimated fair value for assets acquired from acquisitions, less accumulated depreciation and amortization. Property and equipment acquired in the ordinary course of business are stated at cost at the date of purchase, less accumulated depreciation. Major expenditures and those that substantially increase useful lives are capitalized. Depreciation is determined using the straight-line method over the estimated useful lives of the assets:

Tools machinery and equipment	5 years
Vehicles	5 years
Furniture and fixtures	5 years
Computer equipment	5 years

Leasehold improvements are amortized over the lease term or the estimated useful life of the related asset, whichever is shorter.

Goodwill

The Company applies the provisions of Accounting Standards Codification (“ASC”) Topic 805, *Business Combinations*, to its acquisitions. ASC 805 provides guidance regarding the recognition and measurement of goodwill and other acquired intangible assets and requires separate recognition of intangible assets acquired if the benefit of the asset is obtained through contractual or other legal rights, or if the asset can be sold, transferred, licensed, rented, or exchanged. Goodwill is recognized to the extent that the fair value of consideration paid for the acquisition exceeds the estimated fair value of the net assets acquired, including other identifiable intangible assets.

The Company amortizes goodwill on a straight-line basis over 10 years and tests goodwill for impairment at the entity level. Goodwill is tested for impairment only when a triggering event occurs, or circumstances change that indicate the fair value of the entity may be less than the carrying value. No impairment indicators exist as of December 31, 2024 and 2023.

Intangible Assets

Identifiable intangible assets were acquired in connection with the Transaction, as disclosed in Note 4, and relate to the trade names and franchise relationships. The Company amortizes the trade names on a straight-line basis over 10 years and franchise relationships on a straight-line basis over 15 years. Intangible assets are periodically evaluated as to the recoverability of carrying values. Management determined that no impairment exist as of December 31, 2024 and 2023.

Long-Lived Assets

The Company evaluates the recoverability of long-lived assets, such as property and equipment, when events or circumstances indicate that these assets may not be recoverable. The Company determines the recoverability of such assets by comparing an asset group's respective carrying value to estimates of the sum of the undiscounted future cash flows expected to result from its asset group. No impairment charge was required during the year ended December 31, 2024 and period ended December 31 2023.

Deferred Financing Fees

Deferred financing fees are capitalized and amortized on a straight-line basis, which approximates the effective interest method, over the term of the related debt. During the year ended December 31, 2024 the Company incurred financing fees of approximately \$317,000. Amortization of deferred financing fees is included as a component of interest expense on the consolidated statements of comprehensive loss.

TCB Services HoldCo, LLC and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2024 and 2023

Revenue Recognition

The Company derives its revenues from national account sales, royalties from franchisees and for services performed by its wholly owned franchisees. Revenues are recognized when control of the promised goods or services is transferred to customers in an amount that reflects the consideration the Company expects to be entitled to receive in exchange for those goods or services. The Company applies the five-step model under FASB ASC Topic 606, *Revenue from Contracts with Customers*, to determine when revenue is earned and recognized.

The Company has elected the practical expedient available to private companies under ASU 2021-02, *Franchisors - Revenue from Contracts with Customers*, to account for pre-opening activities as one distinct performance obligation for new franchise sales. The initial franchise fees are payable based on contract terms prior to the franchise opening. The transaction price is recognized as revenue on a straight-line basis based on timing of when services are satisfied for pre-opening activities. Franchise renewals and existing franchise sales are recognized as revenue upon execution of the franchise agreement.

The Company receives a significant portion of its revenue from sales-based royalties, admin fees, advertising fees and other fees charged to franchisees. These fees are determined as a percentage of sales and are recognized in the period earned by the Company. The deferred revenue balance as of March 31, 2023 was \$0.

The Company, as a Franchisor, negotiates contracts with national customers on behalf of the franchisees. In these relationships the company acts as the vendor for the contracted national customers and charges a price per work order to the customer based on the pre-negotiated contract. The Company acts as the principal in its national accounts program and will report revenue on a gross basis in accordance with U.S. GAAP.

The Company receives a significant portion of its revenue from its wholly owned franchisees, which primarily consists of services performed for the franchisees' customers. Revenues and the related costs of revenue are recognized upon completion of services.

Total revenue by revenue stream is as follows:

	<u>2024</u>	<u>2023</u>
Royalty and other related franchisor revenues	\$ 5,226,442	5,155,550
National Ad Fund Fees	1,082,251	1,013,383
Wholly owned franchisees, service revenue	<u>2,928,574</u>	<u>-</u>
Total Revenue	<u>\$ 9,237,267</u>	<u>\$ 6,168,933</u>

General and Administrative Expenses

General and administrative expenses consist of costs associated with administration and support functions related to the Company's existing business as well as growth and development activities. These costs primarily consist of advertising, IT, and professional expenses.

Franchise Agreements

Franchise agreements are available for a territory over a specified period of time. The franchise agreement defines the territory the new franchise is able to serve. New franchisees are required to pay the Company an initial franchise fee plus a monthly royalty fee of 7%, and market and advertising fee of 2% to 3% of the franchisee's monthly gross receipts for the duration of the franchise agreement.

TCB Services HoldCo, LLC and Subsidiaries
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Advertising

Advertising costs are expensed as incurred. Advertising expense was approximately \$525,000 and \$615,000 for the year ended December 31, 2024 and the period ended December 31, 2023, respectively. Advertising costs are included in general and administrative expenses in the consolidated statements of comprehensive loss.

Income Taxes

The Company is organized as a limited liability company that is disregarded for federal income tax purposes. The Company owns 100% of the interests in other limited liability companies that are also disregarded for federal income tax purposes.

Separately, the Company through its subsidiary, TCB Services Ltd, operates in Canada, which imposes a royalty tax on foreign entities. The amounts are reported on the consolidated statements of comprehensive loss within income tax expense during the year ended December 31, 2024 and the period ended December 31, 2023 and a corresponding deferred tax asset and liability of approximately \$95,000 and \$45,000, respectively is included within deferred tax assets and accrued expenses and other payables on the accompanying consolidated balance sheets as of December 31, 2024 and 2023, respectively.

Fair Value Measurements

Fair value as defined under GAAP is an exit price, representing the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. US GAAP establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers include:

- Level 1** Observable inputs such as quoted prices in active markets.
- Level 2** Inputs other than quoted prices in active markets that are either directly or indirectly observable.
- Level 3** Unobservable inputs about which little or no market data exists, therefore requiring an entity to develop its own assumptions.

Financial instruments are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Company's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of fair value financial instruments and their placement within the fair value hierarchy levels.

Certain Class B Units were granted during the period ended December 31, 2023. The fair value is determined as of the grant date using significant unobservable inputs (see Note 11) and is categorized as Level 3. There were no Class B Units granted during the year ended December 31, 2024.

Share-Based Compensation

Certain of the Company's employees are party to a share-based compensation arrangement established by TCB Services Management, LLC, an affiliate of the Company, as approved by the Board of Managers. Management accounts for the awards granted to employees in accordance with ASC 718 *Compensation - Stock Compensation*, which requires compensation cost related to share-based payments, classified as equity awards, to be measured based on the grant date fair value of the award. The Company recognizes compensation cost over the requisite service period. The Company's accounting policy is to recognize forfeitures as they occur.

TCB Services HoldCo, LLC and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2024 and 2023

Leases

The Company accounts for its contracts in accordance with ASC 842, *Leases*, which requires lessees to recognize the assets and liabilities on the consolidated balance sheets for the rights and obligations created by leases with lease terms of more than twelve months, amends various other aspects of accounting for leases by lessees and lessors, and requires enhanced disclosures. The Company determines if an arrangement is a lease or contains a lease at inception. Leases result in the recognition of right of use (“ROU”) assets and lease liabilities on the consolidated balance sheets. ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis. The Company determines lease classification as operating or finance at the lease commencement date.

At lease inception, the lease liability is measured at the present value of the lease payments over the lease term.

The ROU asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect lease payments made. The ROU asset is subsequently measured by reducing the carrying amount for amortization.

The Company uses the implicit rate when readily determinable. As most of the leases do not provide an implicit rate, the Company has elected to use the risk-free rate at the commencement date to determine the present value of lease payments.

Foreign Currency Translations

The assets and liabilities of TCB Services Ltd., which are denominated in the local currency, the functional currency, are translated into U.S. dollars using rates of exchange at each balance sheet date. Revenues and expenses are translated at weighted-average rates of exchange in effect during the period earned. Exchange gains and losses on intercompany balances of a long-term nature are recorded as a translation adjustment. The cumulative effect resulting from such translation is reflected as accumulated other comprehensive income.

Note 4. Business Combinations

2024 Acquisitions

During the year ended December 31, 2024, the Company completed the acquisition of 4 of its franchisees located throughout the United States. The aggregate fair value of consideration paid was approximately \$5,113,000, consisting of \$2,613,000 in cash and \$2,500,000 in seller notes (see Note 9), and was financed primarily through proceeds from debt borrowings and cash from operations. The acquisitions were recorded in accordance with Accounting Standards Codification (“ASC”) 805, *Business Combinations* and accordingly the consideration paid was allocated to the acquired net assets at their estimated fair values.

The consideration paid in 2024 was allocated to the net assets acquired based upon their estimated fair values at the dates of acquisitions as follows:

Assets Acquired	
Accounts receivable	\$ 640,604
Prepaid expenses and other current assets	22,171
Property and equipment	689,918
Right-of-use asset - operating	<u>157,862</u>
Total identifiable assets acquired	<u>1,510,555</u>

TCB Services HoldCo, LLC and Subsidiaries
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Liabilities Assumed	
Deferred revenue	432,891
Accounts payable	118,707
Accrued liabilities	297,126
Operating lease liability	<u>157,862</u>
Total liabilities assumed	<u>1,006,586</u>
Total identifiable net assets	503,969
Goodwill	<u>4,608,604</u>
Total net assets acquired	<u>\$ 5,112,573</u>

The fair value of assets acquired includes receivables with a fair value of \$640,604. There are no expected uncollectible receivables.

The excess of the purchase price over the amounts allocated to identifiable assets and liabilities is recorded as goodwill. Goodwill includes, but is not limited to, the value of the customer relationships, workforce in place, expected ability to generate future profits and cash flows in the marketplace, an established going concern, and other unidentifiable intangible assets.

The Company recorded net working capital settlement receivables in the amount of \$485,856 in conjunction with the current year acquisitions which is recorded within other receivables on the accompanying consolidated balance sheet. Approximately \$76,000 of the estimated net working capital settlement at acquisition date is provisional and based on information available as of the transaction date. The Company believes that information provides a reasonable basis for estimating the net working capital receivable balance. The provisional measurements are subject to change and such changes could be significant.

Transaction related costs of \$467,000 were paid and included as operating expenses in the consolidated statements of comprehensive loss for the year ended December 31, 2024.

2023 Transaction, As Restated

As discussed in Note 1, the Company purchased all the membership interests in the Operating Company in conjunction with the Transaction on March 31, 2023. The total purchase price was approximately \$25,646,000, which was funded by equity contributions.

The Transaction was recorded in accordance with ASC 805: *Business Combinations*, except for as described in Note 2 related to the separately identifiable intangible assets. Accordingly, the Company has recorded all assets acquired and liabilities assumed at the acquisition date fair values with any excess recognized as goodwill. The purchase price allocation process was complete as of December 31, 2023.

The consideration paid was allocated to the assets acquired and liabilities assumed according to their estimated fair values at the time of acquisition as follows:

Assets Acquired	
Accounts receivable	\$ 648,278
Notes receivable	384,740
Property, plant, and equipment	50,000
Intangible assets	<u>13,810,000</u>
Total assets, excluding goodwill	<u>14,893,018</u>

TCB Services HoldCo, LLC and Subsidiaries
Notes to Consolidated Financial Statements
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Liabilities Assumed	
Accounts payable and accrued expenses	(281,562)
Other current liabilities	<u>(56,198)</u>
Total liabilities assumed	<u>(337,760)</u>
Total identifiable net assets	14,555,258
Goodwill	<u>11,090,844</u>
Total consideration	<u>\$ 25,646,102</u>

The fair value of the assets acquired includes receivables with a fair value of \$997,018.

The estimated fair values of significant acquired intangible assets were based on commonly accepted valuation techniques management believes to be appropriate in the circumstances. The Company used the Relief-from-Royalty method to value the trademark and used the Multi-Period Excess Earnings Method to value the franchise relationships. Both methods are a variation of the income approach. The income approach evaluates the present value of the future economic benefits accruing from these assets over their estimated useful life, discounted to the present at a rate of return commensurate with the asset's inherent risk. This approach requires significant judgments, including those related to the projected net cash flows and the weighted average cost of capital ("WACC") used to discount the cash flows. The Company derived the assumptions related to cash flows primarily from its internal budgets and forecasted results of operations. The Company amortizes the trade names over 10 years and franchise relationships over 15 years.

Transaction related costs of \$1,293,018 were paid and included as operating expenses in the consolidated statements of comprehensive loss for the period ended December 31, 2023.

Note 5. Property and Equipment, net

Property and equipment consisted of the following as of December 31:

	<u>2024</u>	<u>2023</u>
Tools machinery and equipment	\$ 465,160	\$ 50,000
Vehicles	464,103	-
Furniture and fixtures	79,639	-
Leasehold improvements	129,925	-
Computer equipment	<u>71,975</u>	<u>-</u>
	1,210,802	50,000
Accumulated depreciation	<u>(105,725)</u>	<u>(7,500)</u>
	<u>\$ 1,105,077</u>	<u>\$ 42,500</u>

Depreciation expense was approximately \$98,000 and \$7,500 for the year ended December 31, 2024 and the period ended December 31, 2023, respectively.

TCB Services HoldCo, LLC and Subsidiaries
Notes to Consolidated Financial Statements
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Note 6. Goodwill and Intangible Assets, As Restated

The changes in the carrying value of goodwill consisted of the following as of December 31:

	<u>Gross Carrying Amount</u>	<u>Accumulated Amortization</u>	<u>Net Carrying Amount</u>
Beginning balance	\$ -	\$ -	\$ -
Goodwill related to acquisitions of businesses	11,090,844	-	11,090,844
Amortization	<u>-</u>	<u>(832,584)</u>	<u>(832,584)</u>
Balance, December 31, 2023	11,090,844	(832,584)	10,258,260
Goodwill related to acquisitions of businesses	4,608,604	-	4,608,604
Amortization	-	(1,224,673)	(1,224,673)
Foreign currency adjustments	<u>(50,849)</u>	<u>-</u>	<u>(50,849)</u>
Balance, December 31, 2024	<u>\$ 15,648,599</u>	<u>\$ (2,057,257)</u>	<u>\$ 13,591,342</u>

Amortization expense of goodwill was approximately \$1,225,000 and \$833,000 during the year ended December 31, 2024, and period ended December 31, 2023, respectively. Future amortization of goodwill is expected to be approximately \$1,570,000 per year for the next five years.

Intangible Assets

<u>2024</u>				
	<u>Useful Life</u>	<u>Gross Value</u>	<u>Accumulated Amortization</u>	<u>Net Value</u>
Tradenames	10 years	\$ 3,334,135	\$ (588,231)	\$ 2,745,904
Franchise Relationships	15 years	10,369,555	(1,219,643)	9,149,912
Internal use software	3 years	<u>30,073</u>	<u>(5,849)</u>	<u>24,224</u>
		<u>\$ 13,733,763</u>	<u>\$ (1,813,723)</u>	<u>\$ 11,920,040</u>
<u>2023</u>				
	<u>Useful Life</u>	<u>Gross Value</u>	<u>Accumulated Amortization</u>	<u>Net Value</u>
Tradenames	10 years	\$ 3,360,000	\$ (252,230)	\$ 3,107,770
Franchise Relationships	15 years	<u>10,450,000</u>	<u>(522,979)</u>	<u>9,927,021</u>
		<u>\$ 13,810,000</u>	<u>\$ (775,209)</u>	<u>\$ 13,034,791</u>

Amortization expense of intangible assets was approximately \$1,039,000 and \$775,000 during the year ended December 31, 2024 and period ended December 31, 2023, respectively. Future amortization is expected to be approximately \$1,039,000 per year for the next five years.

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Note 7. Notes Receivable

Note receivables represents company-offered financing of initial franchise fees and working capital loans to certain franchisees. The related notes are secured with the franchisee's business as pledged collateral. The notes receivable balance as of December 31, 2024 and 2023 of approximately \$149,000 and \$269,000, respectively, consisted of 5 or 7 year notes, paid monthly, which earns interest of 6.0% to 8.5% or Prime plus 2% per annum, and is classified as a non-current asset on the Company's consolidated balance sheets.

Note 8. Line of Credit

On June 15, 2023, the Company entered into a \$500,000 revolving line of credit expiring in June 2025. The line is collateralized by substantially all of the Company's assets. Interest varies with the bank's prime rate, which was 7.38% and 8.15% at December 31, 2024 and 2023, respectively, and is payable monthly.

Note 9. Notes Payable

The Company's notes payable consisted of the following as of December 31:

	<u>2024</u>	<u>2023</u>
Note payable to a financial institution of \$5,250,000, monthly interest payments at 12% cash rate and 1.5% paid-in-kind ("PIK"), due upon maturity July 1, 2029.	\$ 5,280,232	\$ -
Note payable of \$1,200,000, due in quarterly payments of \$42,857, including interest of 6% per annum, maturing November 2031.	1,200,000	-
Note payable of \$950,000, due in yearly payments of \$475,000, maturing October 2026.	950,000	-
Note payable of \$350,000, due in yearly payments of \$175,000, including interest of 3% per annum, maturing July 2026.	<u>350,000</u>	<u>-</u>
Total current and long-term notes payable	7,780,232	-
Current portion	(821,429)	-
Unamortized deferred financing costs	<u>(294,385)</u>	<u>-</u>
	<u>\$ 6,664,418</u>	<u>\$ -</u>

Future maturities of notes payable as of December 31, 2024 are as follows:

2025	\$ 821,429
2026	821,429
2027	171,429
2028	171,429
2029	5,451,660
Thereafter	<u>342,856</u>
	<u>\$ 7,780,232</u>

TCB Services HoldCo, LLC and Subsidiaries
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Note 10. Leases

The Company leases its Company owned location restoration shops under non-cancelable lease agreements.

Lease Term and Discount Rate

Weighted average lease term - operating leases	3.35 years
Weighted average discount rate - operating leases	4.26 %

Lease Costs

The following table provides certain information related to the lease costs for operating leases, which are included within company owned locations operating costs in the accompanying consolidated statements of comprehensive loss, during the year ended December 31, 2024 and period ended December 31, 2023:

	<u>2024</u>	<u>2023</u>
Operating lease cost	\$ 403,190	\$ -

Other Information

	<u>2024</u>	<u>2023</u>
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows	\$ 300,664	\$ -
Right-of-use assets obtained in exchange for new operating lease liabilities	\$ 1,829,215	\$ -

Future minimum lease payments and reconciliation to the consolidated balance sheet at December 31, 2024 are as follows:

2025	\$ 549,148
2026	416,595
2027	324,393
2028	332,346
2029	<u>84,954</u>
Total undiscounted minimum lease payments	1,707,436
Imputed interest	<u>(127,327)</u>
Present value of future minimum lease payments	<u>\$ 1,580,109</u>

Note 11. Members' Equity

The Company is a limited liability company with two classes of units, Class A and Class B. As of December 31, 2024 and 2023, the Company had issued and outstanding 29,669 and 29,200 Class A Units, respectively. Each Class A Unit has one voting right and all distributions will be made pro rata commensurate with each members' ownership interest. Class B Units issued with the equity incentive plan are nonvoting.

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Equity Incentive Plan

The Company accounts for stock-based awards in accordance with ASC 718 - *Stock Compensation* (“ASC 718”). ASC 718 requires compensation costs related to share-based payments, including profits interest units (“Units”) and other equity awards, to be measured based on the grant date fair value of the award.

The Company issued certain time and performance vesting Units pursuant to the TCB Services Management, LLC Equity Incentive Plan (the “Equity Plan”). The Company has accounted for the Units within its consolidated financial statements as the Unit holders are providing services directly related to the Company and its subsidiaries. The aggregate number of units that may be issued or transferred under the Equity Plan is 2,000 Units. Units granted under the plan have been allocated into two groups based on their vesting criteria: time vesting and performance vesting Units.

Time vesting Units are equity classified awards, vest over a 5-year period and will vest 20% on each anniversary date of the date of grant. The Company recognizes compensation expense over a straight-line period of 5 years and has recorded compensation expense of approximately \$96,000 and \$51,000 for the year ended December 31, 2024 and period ended December 31, 2023. This expense is included in Salaries and wages on the statements of comprehensive loss.

Performance vesting Units are equity classified awards, and vest subject to a liquidation event in which a return amount greater than two times is achieved by the equity holders of the Company, provided that the Participant’s continuous service has not terminated prior to such vesting date. A liquidation event was not considered probable at the date of issuance or as of December 31, 2024 and 2023, as a result, no compensation expense has been recorded based on this criterion.

No portion of the Units shall vest after the date the Participant’s continuous service terminates for any reason, however Units vested prior to termination without cause may be purchased by the Company at fair value within a prescribed time-period. Unvested Units are forfeited in accordance with the Equity Plan upon termination of employment from the Company. The Company accounts for forfeitures in the period they occur resulting in a reversal of all previously recognized compensation expense for awards forfeited. There were no forfeitures of time or performance vesting Units during the period ended December 31, 2024 and 2023.

Information regarding activity under the Company’s Equity Plan is summarized as follows:

	Time Vesting Units		Weighted Average Fair Value per Unit at Grant Date
	Number of Units	Number of Vested Units	
Units outstanding at March 31, 2023	-	-	\$ -
Granted	1,000	-	479.68
Exercised	-	-	-
Cancelled or Forfeited	-	-	-
Units outstanding at December 31, 2023	1,000	-	\$ 479.68
Granted	-	-	-
Exercised	-	-	-
Cancelled or Forfeited	-	-	-
Units outstanding at December 31, 2024	<u>1,000</u>	<u>-</u>	<u>\$ 479.68</u>

TCB Services HoldCo, LLC and Subsidiaries
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	Performance Vesting Units	
	Number of Units	Weighted Average Fair Value per Unit at Grant Date
Units outstanding at March 31, 2023	-	\$ -
Granted	1,000	60.67
Exercised	-	-
Cancelled or Forfeited	-	-
Units outstanding at December 31, 2023	1,000	\$ 60.67
Granted	-	-
Exercised	-	-
Cancelled or Forfeited	-	-
Units outstanding at December 31, 2024	<u>1,000</u>	<u>\$ 60.67</u>

The fair value of each unit granted was estimated on the date of grant using the Black-Scholes option pricing model with the following average assumptions. Expected volatility was based on historical volatility for guideline public companies that operate in the Company's industry. The expected term of awards granted represents management's estimate for the number of years until a liquidity event as of the grant date. The risk-free rate for the period of the expected term was based on the U.S. Treasury yield curve in effect at the time of grant. In addition, management considered the distribution priority schedule or "waterfall calculation" in its estimation process is as follows for Units issued during the period ended December 31, 2023.

Black-Scholes option pricing model inputs

Distribution yield	0.00%
Risk-free interest rate	3.96%
Contractual life in years	5 years
Expected volatility	23%

As of December 31, 2024 and 2023, there was approximately \$332,000 and \$429,000, respectively, of total unrecognized compensation cost related to non-vested time-based awards granted under the Company's Equity Plan which is expected to be recognized over a weighted average period of approximately 3.5 years.

Note 12. Related-Party Transactions

The Company entered into a Management Advisory and Consulting Services Agreement with an affiliate of the Company through common ownership requiring quarterly payments. During the year ended December 31, 2024 and period ended December 31, 2023, the Company expensed approximately \$184,000 and \$124,000 respectively, and paid approximately \$140,000 and \$124,000 of management fees, respectively.

In connection with the Acquisition during the period ended December 31, 2023, the Company expensed and paid approximately \$281,000 of acquisition related expense to an affiliate of the Company through common ownership. Such fees are included as a component of acquisition costs on the accompanying consolidated statements of comprehensive loss.

TCB Services HoldCo, LLC and Subsidiaries
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As of December 31, 2023 the Company had accounts receivable from a member and officer of the Company of approximately \$115,000 and is included as a component of accounts receivable on the accompanying consolidated balance sheet.

As of December 31, 2024, the Company had accounts payable to an affiliate of the Company for approximately \$13,000 and is included as a component of accounts payable on the accompanying consolidated balance sheet.

During the year ended December 31, 2024, the Company entered into the Credit Agreement (see Note 9) with a related party financial institution and recognized interest expense of approximately \$348,000 relating to the Senior Secured Note. The Company has approximately \$47,000 in accrued interest payable for the related Note. In connection with the Credit Agreement, the Company incurred and paid approximately \$278,000 of deferred financing fees.

Note 13. Subsequent Events

The Company has evaluated subsequent events through April 30, 2025, the date that the consolidated financial statements were available to be issued.

Subsequent to year end, the Company executed a notes payable agreement with one of its members to receive funding. The Company received \$1,250,000 of convertible notes payable proceeds on April 3, 2025. Under the terms of the agreement, interest accrues at a rate of 8% per annum and is considered paid-in-kind ("PIK") and paid in full at maturity date. The note matures 18 months after issuance at which time all outstanding principal and interest is due. In the event the Company is unable to repay the note at its maturity date, the note will automatically convert into units of equity that include a liquidity preference. In the event of conversion, the member holding the note will receive total equity units in an amount equal to one share for every \$100 of total outstanding principal and interest at the conversion date.

FDD EXHIBIT C

STATE FRANCHISE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
CALIFORNIA	Department of Financial Protection and Innovation 320 West Fourth Street, Suite 750 Los Angeles, California 90013 (213) 576-7500 or (866) 275-2677	Commissioner of Financial Protection and Innovation 320 West 4 th Street, Suite 750 Los Angeles, California 90013
HAWAII	Department of Commerce and Consumer Affairs Business Registration Division 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2744	Commissioner of Securities Business Registration Division 335 Merchant Street, Room 203 Honolulu, HI 96813
ILLINOIS	Franchise Bureau Office of the Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465	Illinois Attorney General 500 South Second Street Springfield, Illinois 62706

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
INDIANA	Indiana Securities Division Secretary of State Room E-111 302 West Washington Street Indianapolis, IN 46204 (317) 232-6681	Indiana Secretary of State Room E-111 302 West Washington Street Indianapolis, IN 46204

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
MARYLAND	Office of the Attorney General Maryland Division of Securities 200 St. Paul Place Baltimore, MD 21202 (410) 576-7042	Maryland Securities Commissioner 200 St. Paul Place Baltimore, MD 21202
MICHIGAN	Michigan Department of Attorney General Consumer Protection Division 525 West Ottawa Street Williams Building, 6th Floor Lansing, MI 48933 (517) 335-7567	Michigan Department of Commerce Corporations and Securities Bureau 525 West Ottawa Street Williams Building, 6th Floor Lansing, MI 48933

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
MINNESOTA	Minnesota Department of Commerce Securities-Franchise Registration 85 7th Place East Suite 280 St. Paul, MN 55101-2198 (651) 539-1500	Minnesota Commissioner of Commerce 85 7th Place East Suite 280 St. Paul, MN 55101-2198
NEW YORK	NYS Department of Law Bureau of Investor Protection and Securities 28 Liberty Street, 21st Floor New York, NY 10005 (212) 416-8236	Secretary of State of New York One Commerce Plaza 99 Washington Avenue Albany, NY 12231
NORTH DAKOTA	North Dakota Securities Department 600 East Boulevard Ave. State Capitol, Fifth Floor, Dept. 414 Bismarck, ND 58505-0510 (701) 328-4712	North Dakota Securities Commissioner 600 East Boulevard Ave. State Capitol, Fifth Floor, Dept. 414 Bismarck, ND 58505-0510
RHODE ISLAND	Securities Division Department of Business Regulations 1511 Pontiac Avenue Cranston, RI 02920 (401) 462-9585	Director of Business Regulation 1511 Pontiac Avenue Cranston, RI 02920
SOUTH DAKOTA	South Dakota Department of Labor and Regulation Division of Insurance Securities Regulation 124 S. Euclid, Suite 104 Pierre, SD 57501 (605) 773-3563	Director of the Division of Insurance South Dakota Department of Labor and Regulation Division of Insurance 124 S. Euclid, Suite 104 Pierre, SD 57501
VIRGINIA	State Corporation Commission Tyler Building, Ninth Floor 1300 E. Main Street Richmond, VA 23219 (804) 371-9051	Clerk, Virginia State Corporation Commission Tyler Building, Ninth Floor 1300 E. Main Street Richmond, VA 23219
WASHINGTON	Department of Financial Institutions Securities Division 150 Israel Road SW Tumwater, Washington 98501 (360) 902-8760	Director of Financial Institutions 150 Israel Road SW Tumwater, WA 98501

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
WISCONSIN	Division of Securities Department of Financial Institutions 201 W Washington Ave Suite 300 Madison, WI 53703 608-266-8557	Division of Securities, Department of Financial Institutions 201 W Washington Ave Suite 300 Madison, WI 53703

FDD EXHIBIT D

CURRENT FRANCHISEES

First Name	Last name	Address	City	State	Zip	Phone
Mathew	Lambourne	7725 Commercial Way, Suite 120	Henderson	Nevada	89011	(702) 622-1209
Scott	Knudsen	406 North Edwin	Champaign	Illinois	61821	(217) 352-4179
Byron	Zuna	99 Florida Street	Farmingdale	New York	11735	(212) 393-9090
Will	Merriken	100 Red Schoolhouse Road, Unit A-12	Chestnut Ridge	New York	10977	(845) 368-0046
Dale	Martinez	533 West 630 South	Orem	Utah	84058	(801) 830-3886
John	Ross	10134 Clowcreek Road	Plainfield	Illinois	60585	(630) 904-3002
Mitchell	Osman	13852 Park Center Rd	Herndon	Virginia	20171	(703) 478-0080
Tim	Rorabaugh	1354 S. Ridge Road	Wichita	Kansas	67209	(316) 941-4766
Will	Merriken	115 Franklin Turnpike #293	Chestnut Ridge	New York	07430	(201) 358-6169
Mark	Lambert	1812 Blush Drive	Easton	Pennsylvania	18045	(610) 691-6797
Jerry	Uhrine	6644 Bethesda-Arno Road	Thompsons Station	Tennessee	37179	(615) 368-3159
Michele	Switalski	21 W. High Street	Elizabethtown	Pennsylvania	17022	(717) 361-7600
Donald	Cook	13910 W. 58th Place	Shawnee Mission	Kansas	66216	(913) 634-8140
Cole	Riddle	30 Country Club Drive	Greer	South Carolina	29651	(864) 862-8860
Raymond	Rinaldo	294 Commerce Road	Staunton	Virginia	24401	(540) 886-1886

David	Stogoski	2300 S. Clinton Avenue	South Plainfield	New Jersey	07080	(908) 755-8440
Robert	Borkovec	8700 E. Jefferson Ave. #370311	Denver	Colorado	80237	(303) 641-4070
Simon	Warren	1370 W Industrial Ave, Unit 108	Boynton Beach	Florida	33426	(561) 994-0999
Brian	Olson	8600 Mecca Road	Elk Grove	California	95624	(916) 912-0293
Philip	Kemp	21263 Sacajawea Road	Sedalia	Missouri	65301	(660) 826-9663
Timothy	Eilrich	720 Greenbriar Lane	Schaumburg	Illinois	60193	(847) 373-2342
Karen	Osman	44264 Huron	Ashburn	Virginia	20147	(703) 478-0080
Ronald	Steller	561 E. Inger Drive	Santa Maria	California	93454	(805) 348-0098
Joseph	Calemine	17342 Ivy Lane	Culpeper	Virginia	22701	(540) 829-0747
James	Butch Rowell	1929 Forest Knoll Drive	Hoover	Alabama	35244	(205) 982-0029
Rebecca	Collins	91-1084 Maka`aloa St	Ewa Beach	Hawaii	96706	(808) 623-5800
Dail	Dekker	1809 Cooper Road	Virginia Beach	Virginia	23454	(757) 481-9663
Willis	Hunter	4235 West Mesa Pass	Sioux Falls	South Dakota	57106	(605) 553-1516
Trevor	Phillips	5083 Union Street	Union City	Georgia	30291	(770) 632-4257
Giovani	Ferreira	4560 W 34th St. # E/F	Houston	Texas	77092	(713) 355-7600
Richard	Armstrong	250 Tubeway Drive	Carol Stream	Illinois	60188	(630) 653-3131
Peter	Dak	331 Clark Ave.	Pomona	California	91767	(626) 963-2174
Robert	Johnson	37851 Hamon	Harrison Township	Michigan	48045	(586) 279-3340

Bob	Llorente	602 Hobbs Road	League City	Texas	77573	(281) 332-3900
Luis	Kobayashi	1052 Dennery Rd, Unit 103	San Diego	California	92154	(858) 273-2201
Eugen	Blau	18208 Preston Rd, Ste D9-325	Dallas	Texas	75252	(972) 736-6636
Mark	Ryan	440 Lafayette Place NE	Albuquerque	New Mexico	87106	(505) 321-1033
Keith	Williams	135 Elmbrook Terrace	Pearcy	Arkansas	71964	(501) 767-2724
Mike	Vitti	69 Shadow Ridge Road	Stamford	Connecticut	06905	(203) 585-3222
Justin	Spencer	11445 S 417th W Ave.	Bristow	Oklahoma	74010	(918) 352-4630
Joshua	Stumpp	2830 Salmon Street	Ammon	Idaho	83406	(208) 206-8141
Martha	Bender	14412 ServiceMaster Lane	Cumberland	Maryland	21502	(240) 522-2550
Kamal	Elnajjar	174 Nassau Street	Princeton	New Jersey	08542	(732) 355-0494
Levi	Borcsa	16367 E. Peak Ct.	Riverside	California	92503	(844) 223-3193
Robert	Johnson	37851 Hamon	Harrison Township	Michigan	48045	(586) 279-3340
Angie	Merriken	10285 Bach Blvd	Overland	Missouri	63132	(314) 862-2219
Wayman	Holt	2242 Vinton Avenue	Memphis	Tennessee	38104	(901) 299-5640
Kirk	Bitter	79760 Dandelion Drive	La Quinta	California	92253	(760) 851-4928
Thomas	Mezzetti	2 Park Place	Redbank	New Jersey	07701	(732) 687-4610
Dries	Borghans	7210 Newman Drive	Mount Airy	Maryland	21771	(443) 440-6440
DelRae	Bullock	1455 Silver Fox Lane	Cheyenne	Wyoming	82009	(307) 421-4505

Lauren	Huffman	4541 Savannah Hwy. Bld. B2, Unit 7	Ravenel	South Carolina	29470	(843) 693-3304
Tracey	Friend	16786 CR 706	Leonard	Texas	75452	(214) 799-3174
Natalie	Hall	1602 SW Hayfield Avenue	Bentonville	Arkansas	72712	(479) 587-9493
Mark	Hancock	2554 Earl Street	Wooster	Ohio	44691	(330) 464-1010
Steve	Johnson	5318 South Division Avenue	Grand Rapids	Michigan	49548	(616) 364-2261
Michael	Tadlock	776 Chesapeake Ave.	Monument	Colorado	80132	(719) 482-4288
David	Schneider	15679 N 83rd Way Suite 6	Scottsdale	Arizona	85260	(480) 300-7323
Hamid	Razi	7018 Darby Avenue Unit A	Reseda	California	91335	(818) 877-3937
Shawn	Beringer	119 E 46th St. #213	Garden City	Idaho	83714	(208) 810-3254
Tracy	Colman	382 RT 59 Suite 280	Airmont	New York	10952	(845) 674-2329
Charles Anthony	Wagner	980 South River Road	Englewood	Florida	34233	(866) 385-9663
John	Ahern	7300 N. Crescent Blvd, Suite 22B	Pennsauken	New Jersey	08110	(215) 247-1500
Diana	Cantea	1901 Enterprise Blvd.	West Sacramento	California	95691	(916) 617-2603
Jason	Frederick	10450 W 35th Place	Wheat Ridge	Colorado	80033	(720) 300-8785
Heather	Looney	590 W. Highway 105 #182	Monument	Colorado	80132	(719) 284-9878
Justin	Smith	1108 Blue Jay Lane	Henrico	Virginia	23229	(804) 355-3521
Tim	Bumgardner	1221 20th Ave NW	Hickory	North Carolina	28601	(828) 302-7321
Richard	Armstrong	250 Tubeway Drive	Carol Stream	Illinois	60188	(630) 653-3131

Kurt	Brattos	7117 South 400 West, #6	Midvale	Utah	84047	(801) 831-3994
Justin	Spencer	11445 S 417th W Ave.	Bristow	Oklahoma	74010	(918) 352-4630
Joseph	Steffens	9800 E Easter Ave. Suite #140	Centennial	Colorado	80112	(303) 805-5554
Cozmo	Lewis	501 N 3rd Street	Jarrell	Texas	76537	(512) 336-2436
Ben	Gonzales	25603 Clifton Court	Moreno Valley	California	92553	(951) 472-8833
Daniele	Freitas	15 Hargrove Lane, Unit 5K	Palm Coast	Florida	32137	(386) 445-5300
Benjamin	S. Hill	12851 State Hwy 155 South	Tyler	Texas	75703	(903) 630-6400
Ricardo	De Marchi	15 Hargrove Lane Unit 5K	Palm Coast	Florida	32137	(386) 445-5300
Antoinette	Becht	5026 Lawyers Road E.	Wingate	North Carolina	28174	(727) 389-7772
Shelly	Staab	7382 Butler Warren Road #3	Mason	Ohio	45040	(513) 677-6130
Justin	Smith	8715 Avalon Dr.	Richmond	Virginia	23229	804-355-3521
David	Stewart	2337 Benning Drive	Powell	Ohio	43065	614-572-9824
Eric	Tsaur	10990 Bigge Street	San Leandro	California	94577	451-335-9190
Warren	Winitzky	105 S E Craven Road	Bend	Oregon	97702	541-389-9200

FRANCHISEES WHO HAD SIGNED FRANCHISE AGREEMENTS, BUT HAD NOT OPENED AS OF DECEMBER 31, 2024

None.

FDD EXHIBIT E

**Terminations, Transfers, Cancellations and Non-Renewals
In the Fiscal Year Ending December 31, 2024**

# of licenses	First Name	Last Name	City	State	Telephone	Category
1	Ara	Avagyan	Los Angeles	California	(855) 276-5559	Transferred
2	Charles	Wyborny	Zephyrhills	Florida	(813) 982-4192	Non-renewal
1	Steve	Vanderzee	Bensenville	Illinois	(847) 285-1177	Termination
1	Michael	Coggins	Luling	Louisiana	(504) 466-4771	Termination
1	Pat	Busch	Independence	Missouri	(816) 373-0802	Termination
1	Curtis	Ramsey	Blue Eye	Missouri	(417) 230-1865	Non-renewal
1	George	Cole	Rockaway	New Jersey	(201) 874-2748	Termination
1	David	Maxwell	Jamestown	New York	(716) 720-2376	Non-renewal
1	Chaim	Oberlander	Brooklyn	New York	(718) 500-3050	Termination
1	Richard	Carter	Mathews	North Carolina	(704) 839-0083	Termination
1	David	Stewart	Powell	Ohio	(614) 572-9824	Non-renewal
1	Lonnie	Caupp	Dayton	Ohio	(937) 717-8116	Termination
1	David	Friday	Pittsburgh	Pennsylvania	(412) 708-4480	Non-renewal
1	George	Collier	Memphis	Tennessee	(901) 274-0208	Termination
1	Marnie	Hankins	Somerville	Tennessee	(901) 930-5266	Termination
1	Edgar	Acosta	Fort Worth	Texas	(682) 999-9824	Non-renewal
1	Mark	McHugh	Cedar Park	Texas	(512) 257-9200	Non-renewal
1	Brian	Dragstrem	Austin	Texas	(512) 288-7195	Non-renewal
2	Gunnar	Lovblom	Cedar Park	Texas	(512) 336-2436	Transferred
1	Sherri	Hill	Farmers Branch	Texas	(469) 499-3003	Non-renewal

FDD EXHIBIT F

Required State Addenda to FDD and Franchise Agreement (where applicable)

**ADDENDUM TO THE DISCLOSURE DOCUMENT
FOR THE STATES OF
CALIFORNIA, HAWAII, ILLINOIS, INDIANA, MARYLAND, MICHIGAN, MINNESOTA, NEW
YORK, NORTH DAKOTA, RHODE ISLAND, SOUTH DAKOTA, VIRGINIA, WASHINGTON, AND
WISCONSIN**

The following provision applies only to franchisees and Franchised Businesses that are subject to the state franchise disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and/or Wisconsin:

No statement, questionnaire, or acknowledgement signed or agreed to by you in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by us, any franchise seller, or any other person acting on behalf of us. This provision supersedes any other term of any document executed in connection with the franchise.

**ADDENDUM TO THE DISCLOSURE DOCUMENT
FOR THE STATE OF CALIFORNIA**

The following information applies to franchises and Franchisees subject to the California Franchise Investment Act. Item numbers correspond to those in the main body:

1. THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE FRANCHISE DISCLOSURE DOCUMENT.

2. Item 3. Item 3 is amended to provide that neither Furniture Medic nor any other person identified in Item 2 is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in such association or exchange.

3. Item 6. Item 6 is amended to note that the highest interest rate permitted by law in California is 10%.

4. Item 10. Item 10 is amended to note that before offering financing in California, Furniture Medic will obtain any licenses required under the California Financing Law, if any.

5. Item 17. The following disclosures are added to Item 17:

A. The Franchise Agreement may contain a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

B. California Business & Professions Code Sections 20000 through 20043 provide rights to you concerning termination, transfer or non-renewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.

C. SECTION 31125 OF THE CALIFORNIA CORPORATIONS CODE REQUIRES FURNITURE MEDIC TO GIVE THE FRANCHISEE A DISCLOSURE DOCUMENT, IN A FORM AND CONTAINING SUCH INFORMATION AS THE COMMISSIONER MAY BY RULE OR ORDER REQUIRE, PRIOR TO A SOLICITATION OF A PROPOSED MATERIAL MODIFICATION OF AN EXISTING FRANCHISE.

D. The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec.101 et seq.)

E. The Franchise Agreement requires you to sign a general release if you transfer your franchise. California Corporations Code 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code 31000 through 31516). Business and Professions Code 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code 20000 through 20043).

F. The Franchise Agreement requires application of the laws of the State of Tennessee. This provision may not be enforceable under California law.

G. The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

H. The Franchise Agreement requires binding arbitration to be conducted in the metropolitan area

of our then-current principal place of business (currently, Memphis, Tennessee). You are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a Franchise Agreement restricting venue to a forum outside the State of California.

I. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF OUR WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT www.dfpi.ca.gov.

J. No statement, questionnaire, or acknowledgement signed or agreed to by you in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by us, any franchise seller, or any other person acting on behalf of us. This provision supersedes any other term of any document executed in connection with the franchise.

6. Item 19. The following disclosures are added to Item 19:

A. The financial performance figures do not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your franchised business. Franchisees or former franchisees listed in the Disclosure Document may be one source of this information.

**ADDENDUM TO THE FRANCHISE AGREEMENT
FOR THE STATE OF CALIFORNIA**

This Addendum relates to franchises sold in the state of California and is intended to comply with California statutes and regulations. In consideration of the execution of the Franchise Agreement (“Agreement”), the parties agree to amend the Agreement as follows:

Article V: FRANCHISEE’S OBLIGATIONS, Section A.2., is amended by the addition of the following language at the end of the paragraph:

“The Franchisee’s obligations stated in this Section A.2. shall apply only where the fulfillment of such obligations would inherently call upon the Franchisee to disclose and/or use any portion of the Franchisor’s trade secrets or other confidential information. All other provisions of this agreement apply and will be fully enforced to the maximum extent permitted by law whether or not California law applies.

Article X: DEFAULT, TERMINATION AND OTHER REMEDIES shall be supplemented by the following paragraphs:

“The Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.)”

Article XI: RIGHTS AND DUTIES OF PARTIES UPON EXPIRATION, TERMINATION OR NON-RENEWAL is amended by the addition of the following language that appears therein:

“Sections 20000 through 20043 of the California Business and Professions Code provide rights to the franchisee concerning termination, transfer, or non-renewal of a franchise. If the Agreement contains a provision that is inconsistent with the law, the law still controls.

“The Agreement contains a covenant not to compete, which extends beyond the termination of the franchise. This provision may not be enforceable under California law.”

Article XV: DISPUTE RESOLUTION is amended by the addition of the following language that appears therein:

“The Agreement requires binding arbitration. The arbitration will occur in the metropolitan area of the Franchisor’s then-current principal place of business (currently, Memphis, Tennessee) with the costs being borne by the non-prevailing party to the arbitration. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.”

Article XV.J: GOVERNING LAW, is amended by the addition of the following language to the original language that appears therein:

“The Agreement requires application of the laws of the State of Georgia. This provision may not be enforceable under California law.”

[Signature page follows.]

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed, and delivered this Addendum to the Agreement on the same day and year that the Agreement has been executed.

TCB FURNITURE MEDIC, LLC:

FRANCHISEE:

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

**ADDENDUM TO THE DISCLOSURE DOCUMENT
FOR THE STATE OF HAWAII**

The following information applies to franchises and Franchisees subject to Hawaii statutes and regulations. Item numbers correspond to those in the main body:

1. Cover Page Risk Factors:

THESE FRANCHISES HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OF HAWAII OR A FINDING BY THE DIRECTOR THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE, AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WHICH IS SUBJECT TO REGISTRATION WITHOUT FIRST PROVIDING TO THE FRANCHISEE, AT LEAST 7 DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST 7 DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION, BY THE FRANCHISEE, WHICHEVER OCCURS FIRST, A COPY OF THIS PUBLIC DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENT RELATING TO THE SALE OF THE FRANCHISE. THIS PUBLIC DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR UNDERSTANDING OF ALL RIGHTS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND FRANCHISEE.

REGISTERED AGENT IN THE STATE AUTHORIZED TO RECEIVE SERVICE OF PROCESS:
COMMISSIONER OF SECURITIES, DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS,
BUSINESS REGISTRATION DIVISION, SECURITIES COMPLIANCE BRANCH, 335 MERCHANT STREET,
ROOM 203, HONOLULU, HAWAII 96813.

2. Item 1. Item 1 is amended by the addition of the following language to the original language that appears therein:

If you intend to restore, repair or provide rejuvenation services for cabinetry, wood paneling or other similar fixtures, you may be required to obtain a contractor's license. The State of Hawaii has enacted a statute which requires persons providing certain services, the value of which exceeds \$1,000, who are defined as contractors, to obtain a license from the state prior to providing such services. This statute is not specifically applicable to persons who restore or rejuvenate furniture or other similar surfaces. Rather, it is generally applicable to all persons who fall within the state's definition of contractor. You may wish to contact an attorney with knowledge of your state's licensing requirements or the appropriate state agency to determine whether you will be required to obtain a license before operating a Furniture Medic Franchised Business.

**ADDENDUM TO DISCLOSURE DOCUMENT
FOR THE STATE OF ILLINOIS**

The following information applies to franchises and Franchisees subject to the Illinois Disclosure Act of 1987. Item numbers correspond to those in the main body:

1. Cover Page
 - A. The risk factors stated on this cover page may be affected by Illinois law, 815 ILCS §§ 705/4 and 705/41, pertaining to jurisdiction, venue and waiver of rights.

2. Item 17. The following statements are added to Item 17:
 - A. The Illinois Franchise Disclosure Act governs the Franchise Agreement.

 - B. Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement that designates jurisdiction or venue outside the State of Illinois is void. However, a franchise agreement may provide for arbitration outside of Illinois.

 - C. Section 41 of the Illinois Franchise Disclosure Act provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

 - D. Your rights upon termination and non-renewal of a franchise agreement are set forth in section 19 and 20 of the Illinois Franchise Disclosure Act.

3. Item 21

Item 21 is amended by adding the following language:

“You have not been provided with financial statements of the Franchisor. Therefore, you do not have knowledge of how this specific company has performed. The guarantor unconditionally guarantees the performance of the Franchisor, however, and a copy of the Guaranty of Performance is on file with the Attorney General.

**ADDENDUM TO FRANCHISE AGREEMENT
FOR THE STATE OF ILLINOIS**

This Addendum relates to franchises sold in the state of Illinois and is intended to comply with Illinois statutes and regulations. In consideration of the execution of the Franchise Agreement (the "Agreement"), TCB FURNITURE MEDIC, LLC (the "Franchisor") and Franchisee agree to amend the Agreement as follows:

The conditions under which the Franchise Agreement can be terminated and the rights upon nonrenewal may be affected by Illinois Law, 815 ILCS 705/19 and 705/20.

Pursuant to 815 ILCS 705/4, any provision in a franchise agreement that designates jurisdiction or venue in a forum outside of this State is void, provided that a franchise agreement may provide for arbitration in a forum outside of this State. Therefore, Article XV.J. of the Agreement, under the heading "Governing Law," is amended by the substitution of the following language for the original language that appears therein:

"This Agreement shall be interpreted and construed under the laws of the State of Illinois and any dispute between the parties shall be governed by and determined in accordance with the substantive law of the State of Illinois, which laws shall prevail in the event of any conflict of law except as provided for in Article XV.A), Arbitration, of this Franchise Agreement.

Article XV.F. of the Agreement, under the heading "Two-Year Limitation on Claims" is deleted and replaced by the following language;

"Any claim arising under the Illinois Franchise Disclosure Act, in connection with or in relation to this Agreement or its interpretation or enforcement, or alleging non-performance or any breach hereof on the part of FM shall be filed no later than 3 years from the date of its creation, or such claim will be automatically waived and forever barred.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed, and delivered this Amendment to the Franchise Agreement on the same day and year that the Franchise Agreement has been executed.

TCB FURNITURE MEDIC, LLC:

FRANCHISEE:

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

**ADDENDUM TO THE DISCLOSURE DOCUMENT
FOR THE STATE OF MARYLAND**

The following information applies to franchises and Franchisees subject to Maryland statutes and regulations. Item numbers correspond to those in the main body:

Item 17, under the heading "Renewal, Termination, Transfer and Dispute Resolution," is amended by the addition of the following language to the original language that appears therein:

"The Maryland Franchise Registration and Disclosure Law allows a franchisee to bring a lawsuit in Maryland for claims arising under this law. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise."

Item 17, under the heading "Renewal, Termination, Transfer and Dispute Resolution," is amended by the addition of the following language to the original language that appears therein:

"The general release required as a condition of sale, assignment, or transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law."

And;

"Any provision in the Franchise Agreement which provides for termination upon bankruptcy of the Franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.)"

**ADDENDUM TO FRANCHISE AGREEMENT
FOR THE STATE OF MARYLAND**

This Addendum relates to franchises sold in the State of Maryland and is intended to comply with Maryland statutes and regulations, including but not limited to the Maryland Franchise Registration and Disclosure Law, Md. Code Bus. Reg. §§14-201 – 14-233. In consideration of the execution of the Franchise Agreement (the “Agreement”), TCB FURNITURE MEDIC, LLC (the “Franchisor”) and Franchisee agree to amend the Agreement as follows:

Article IX of the Agreement, under the heading "Transferability of Interest" is amended by the addition of the following language to the original language that appears therein:

"The general release required as a condition of assignment, sale or transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law."

Article X of the Agreement, under the heading "Violation and Termination," is amended by the addition of the following language to the original language that appears therein:

“Any provision in the Franchise Agreement which provides for termination upon bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11U.S.C. Section 101 et seq.)”

Article XV.F. of the Agreement, under the heading, “Two-Year Limitation on Claims,” is amended by the addition of the following language that appears therein:

“Any claim arising under the Maryland franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.”

Article XV.J of the Agreement, under the heading "Governing Law," is amended by the addition of the following language to the original language that appears therein:

"The Maryland Franchise Registration and Disclosure Law allows a franchisee to bring a lawsuit in Maryland for claims arising under this Law."

Article XVI of the Agreement, under the heading, “Miscellaneous,” is amended by the addition of the following language that appears therein:

“All representations requiring prospective franchisees to assent to a release, estoppels or waiver of liability are not intended to nor shall they act as a release, estoppels or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.”:

TCB FURNITURE MEDIC, LLC:

FRANCHISEE:

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

**ADDENDUM TO DISCLOSURE DOCUMENT
FOR THE STATE OF MICHIGAN**

To the extent the Michigan Franchise Investment Law, Mich. Comp. Laws §§445.1501 – 445.1546 applies, the terms of this Addendum apply. Item numbers correspond to those in the main body:

THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU.

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- (c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchised business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years, and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- (g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a

franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

- (i) The failure of the proposed transferee to meet the franchisor's then-current reasonable qualifications or standards.
 - (ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.
 - (iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.
 - (iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.
- (h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).
- (i) A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services.

THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE ATTORNEY GENERAL.

If the franchisee has any questions regarding this notice, those questions should be directed to the Michigan Department of Attorney General, Consumer Protection Division, Attn.: Franchise, 670 Law Building, Lansing, Michigan 48913, telephone: (517) 373-7117.

**ADDENDUM TO DISCLOSURE DOCUMENT
FOR THE STATE OF MINNESOTA**

The following information applies to franchises and Franchisees subject to Minnesota statutes and regulations. Item numbers correspond to those in the main body:

1. Cover Page

Risk Factors:

THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE MINNESOTA FRANCHISE ACT. REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF COMMERCE OF MINNESOTA OR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE MINNESOTA FRANCHISE ACT MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WHICH IS SUBJECT TO REGISTRATION WITHOUT FIRST PROVIDING TO THE FRANCHISEE, AT LEAST 7 DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST 7 DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION, BY THE FRANCHISEE, WHICHEVER OCCURS FIRST, A COPY OF THIS PUBLIC OFFERING STATEMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE FRANCHISE. THIS PUBLIC OFFERING STATEMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OF AGREEMENT SHOULD BE REFERRED TO FOR UNDERSTANDING OF ALL RIGHTS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND FRANCHISEE.

2. Item 13

Item 13 is amended by the addition of the following language to the original language that appears therein:

With respect to franchises governed by Minnesota law, we will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee for any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.

3. Item 17

Any condition, stipulation or provision, including any choice of law provision, purporting to bind any person who, at the time of acquiring a franchise is a resident of the State of Minnesota or in the case of a partnership or corporation, organized or incorporated under the laws of the State of Minnesota, or purporting to bind a person acquiring any franchise to be operated in the State of Minnesota to waive compliance or which has the effect of waiving compliance with any provision of the Minnesota Franchise Law is void.

Item 17 is amended by the addition of the following language to the original language that appears therein:

With respect to franchises governed by Minnesota law, we will comply with Minnesota Stat. Sec. 80C.14, Subds. 3, 4, and 5 which require, except in certain specified cases, (1) that you will be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement, and (2) that consent to the transfer of the franchise will not be unreasonably withheld.

Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J, prohibit franchisor from requiring litigation, to be conducted

outside Minnesota. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce: (1) any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

Minn. Rule 2860.4400D prohibits a franchisor from requiring a franchisee to assent to a general release.

Minn. Rules 2860.4400J permits a franchisor to seek injunctive relief; however, a franchisee cannot consent to the franchisor obtaining injunctive relief. A Court will determine if a bond is required.

Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5.

**ADDENDUM TO FRANCHISE AGREEMENT
FOR THE STATE OF MINNESOTA**

This Addendum relates to franchises sold in the state of Minnesota and is intended to comply with Minnesota statutes and regulations. In consideration of the execution of the Franchise Agreement (the "Agreement"), TCB FURNITURE MEDIC, LLC (the "Franchisor") and Franchisee agree to amend the Agreement as follows:

Articles II and X of the Agreement, under the headings, "Term and Renewal" and "Violation and Termination" are amended by the addition of the following language to the original language that appears therein:

"With respect to franchises governed by Minnesota law, the franchisor will comply with Minn. Stat. Section 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, (1) that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement, and (2) that consent to the transfer of the franchise will not be unreasonably withheld."

Article XI.A of the Agreement, under the heading, "Franchisee's Obligations" is amended by the addition of the following language to the original language that appears therein:

"The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name."

Article IX of the Agreement, under the heading, "Transferability of Interest", Section B.2. is hereby deleted pursuant to Minn. Rule 2860.4400D which prohibits a franchisor from requiring a franchisee to assent to a general release.

Article X of the Agreement, under the heading, "Other Remedies," Section F, is amended pursuant to Minn. Rule 2860.4400J, by the addition of the following language to the original language that appears therein:

"The franchisor may seek injunctive relief; however, franchisee cannot consent to the franchisor obtaining injunctive relief. A Court will determine if a bond is required."

Article XV, under the heading, "Dispute Resolution" is amended by the addition of the following language to the original language that appears therein:

"Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J, prohibit franchisor from requiring litigation, to be conducted outside Minnesota. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

Article XV.F. of the Agreement, under the headings, "Two-Year Limitation on Claims" is hereby deleted in its entirety and replaced with the following:

"The Limitations of Claims must comply with Minnesota Statutes, Section 80C.17, Subd.5."

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed, and delivered this Addendum to the Agreement on the same day and year that the Agreement has been executed.

TCB FURNITURE MEDIC, LLC:

FRANCHISEE:

By: _____

By: _____

Name: _____

Name: _____

F-16

Title: _____

Title: _____

**ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF NORTH DAKOTA**

The following information applies to franchises and Franchisees subject to North Dakota statutes and regulations. Item numbers correspond to those in the main body:

1. Item 17

North Dakota Century Code Section 9-08-06 states "Every contract by which anyone is restrained from exercising a lawful profession, trade, or business of any kind is to that extent void, except: 1) One who sells the goodwill of a business may agree with the buyer to refrain from carrying on a similar business within a specified county, city, or a part of either, so long as the buyer or any person deriving title to the goodwill from him carries on a like business therein and 2) Partners, upon or in anticipation of a dissolution of the partnership business has been transacted, or within a specified part thereof."

Item 17 is amended to read as follows:

"Any provision of this Agreement requiring the Franchisee to execute a release in a format designated by Furniture Medic is hereby made null and void."

"Any provision of the Agreement requiring you to consent to liquidated damages is hereby made null and void pursuant to Section 51-19-09 of the North Dakota Franchise Investment Law."

"Any provision of the Agreement requiring you to consent to waiver of exemplary and punitive damages is hereby made null and void pursuant to Section 51-19-09 of the North Dakota Franchise Investment Law"

"Arbitration and mediation proceedings shall be conducted within the State of North Dakota."

"The prevailing party in any enforcement action is entitled to recover all costs and expenses including attorneys' fees."

"The venue of any litigation arising out of the franchise relationship between you and Furniture Medic will be within the State of North Dakota."

"Both franchisor and franchisee will be allowed the option of a jury trial."

"Any provision of this Agreement requiring the Franchisee to consent to a waiver of any statute of limitations is null and void."

**ADDENDUM TO THE FRANCHISE AGREEMENT
FOR THE STATE OF NORTH DAKOTA**

This Addendum relates to franchises sold in the state of North Dakota and is intended to comply with North Dakota statutes and regulations. In consideration of the execution of the Franchise Agreement (the "Agreement"), TCB FURNITURE MEDIC, LLC (the "Franchisor") and Franchisee agree to amend the Agreement as follows:

North Dakota Century Code Section 9-08-06 states "Every contract by which anyone is restrained from exercising a lawful profession, trade, or business of any kind is to that extent void, except: 1) One who sells the goodwill of a business may agree with the buyer to refrain from carrying on a similar business within a specified county, city, or a part of either, so long as the buyer or any person deriving title to the goodwill from him carries on a like business therein, and 2) Partners, upon or in anticipation of a dissolution of the partnership business has been transacted, or within a specified part thereof."

Article II B.3 of the Agreement, under the heading, "Term and Renewal," is amended to read as follows:

"Any provision of this Agreement requiring the Franchisee to execute a release in a format designated by Furniture Medic is hereby made null and void."

Article X of the Agreement, under the heading, "Default, Termination and Other Remedies," is amended to read as follows:

"Any provision of this Agreement requiring you to consent to liquidated damages is hereby made null and void pursuant to Section 51-19-09 of the North Dakota Franchise Investment Law."

Article XV of the Agreement, under the heading "Dispute Resolution" is hereby amended by the addition of the following language:

"Any provision of the Franchise Agreement which requires the franchisee to consent to waiver of exemplary and punitive damages is hereby by made null and void pursuant to Section 51-19-09 of the North Dakota Franchise Investment Law."

Article XV of the Agreement, under the heading, "Dispute Resolution", is amended to read as follows:

"Arbitration and mediation proceedings shall be conducted within the State of North Dakota. Any provision of this Agreement requiring the franchisee to agree to a waiver of any statute of limitations is null and void."

Article XVI.J of the Agreement, under the heading, "Entire Agreement", is amended to read as follows:

"The prevailing party in any enforcement action is entitled to recover all costs and expenses including attorneys' fees."

Article XV.B.3. of the Agreement, under the heading, "Forum for Litigation" is amended to read as follows:

"The venue of any litigation arising out of the franchise relationship between you and Furniture Medic will be within the State of North Dakota."

Article XV.C. of the Agreement, under the heading, "Mutual Waiver of Jury Trial" is amended to read as follows:

"Both franchisor and franchisee will be allowed the option of a jury trial."

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed, and delivered this Addendum to the Agreement on the same day and year that the Agreement has been executed.

TCB FURNITURE MEDIC, LLC:

FRANCHISEE:

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

**ADDENDUM TO DISCLOSURE DOCUMENT
FOR THE STATE OF NEW YORK**

The following information applies to franchises and Franchisees subject to New York statutes and regulations. Item numbers correspond to those in the main body:

1. Cover Page

Risk Factors:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW BUREAU OF INVESTOR PROTECTION AND SECURITIES 28 LIBERTY STREET, 21ST FLOOR NEW YORK, NY 10005

THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE PROSPECTUS; HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE: TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS PROSPECTUS.

2. Item 3

Item 3 is amended by the deletion of “Other than these actions, no litigation is required to be disclosed in this Item” and replacing it with the following language substituted in order to conform with 13 NYCRR 200.4 (iii):

Other than this action, neither FM, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the FM principal trademark:

- a. Has an administrative, criminal or civil action pending against that person alleging: a felony; a violation of a franchise, antitrust or securities law; fraud, embezzlement, fraudulent conversion, misappropriation of property; unfair or deceptive practices or comparable civil or misdemeanor allegations. In addition, there are no pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.
- b. Has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the ten- year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging; violation of a franchise, antifraud or securities law; fraud, embezzlement, fraudulent conversion or misappropriation of property, or unfair or deceptive practices or comparable allegations.
- c. Is subject to currently effective injunctive or restrictive order or decree relating to the franchise, or under a federal, State or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from an order or any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. Item 4

Item 4 is amended by the deletion of the language contained therein and the following language substituted in order to conform with 13 NYCRR 200.4 (iii):

Neither FM, its affiliate, its predecessor, officers or general partner during the ten-year period immediately before the date of the DISCLOSURE DOCUMENT: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after the officer or general partner of the franchisor held this position in the company or partnership.

4. Item 5

The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

5. Item 17

The following is added to the Summary sections of Item 17(c) and 17(m): To the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Section 687.4 and 687.5 be satisfied.

The Summary section of Item 17(d) is deleted and replaced with the following language: You may terminate the agreement on any grounds available by law.

The following is added to the Summary section of Item 17(j): No assignment will be made except to an assignee who in good faith and judgment of the franchisor is willing and financially able to assume the franchisor's obligations under the Franchise Agreement.

The following is added to the Summary sections of Items 17(v) and 17(w): The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

**ADDENDUM TO THE FRANCHISE AGREEMENT
FOR THE STATE OF NEW YORK**

This Addendum relates to franchises sold in the state of New York and is intended to comply with New York statutes and regulations. In consideration of the execution of the Franchise Agreement (the "Agreement"), TCB FURNITURE MEDIC, LLC (the "Franchisor") and Franchisee agree to amend the Agreement as follows:

Article X of the Agreement, under the heading "DEFAULT, TERMINATION AND OTHER REMEDIES", is amended by the addition of the following language to the original language that appears therein:

"Franchisee may terminate this agreement on any grounds available by law."

Article IX of the Agreement, under the heading "TRANSFERABILITY OF INTEREST", Section H: FM's Right to Transfer is amended by the addition of the following language to the original language that appears therein:

"However, no assignment will be made except to an assignee who, in the good faith and judgment of the Franchisor is willing and able to assume the Franchisor's obligations under the Franchise Agreement."

Article XV.J. of the Agreement, under the heading "Governing Law" is amended by the addition of the following language to the original language that appears therein:

"The foregoing choice of law should not be considered a waiver of any right conferred upon the Franchisor or upon the Franchisee by Article 33 of the General Business law of the state of New York."

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed, and delivered this Addendum to the Agreement on the same day and year that the Agreement has been executed.

TCB FURNITURE MEDIC, LLC:

FRANCHISEE:

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

**ADDENDUM TO DISCLOSURE DOCUMENT
FOR THE STATE OF RHODE ISLAND**

The following information applies to franchises and Franchisees subject to Rhode Island statutes and regulations. Item numbers correspond to those in the main body:

1. Item 1

Item 1 is amended by the addition of the following language to the original language that appears therein:

If you intend to restore, repair or provide rejuvenation services for cabinetry, wood paneling or other similar fixtures, you may be required to obtain a contractor's license. The State of Rhode Island has enacted a statute which requires persons providing certain services, the value of which exceeds \$500, who are defined as contractors to obtain a license from the state prior to providing such services. This statute is not specifically applicable to persons who restore or rejuvenate furniture or other similar surfaces. Rather, it is generally applicable to all persons who fall within the statute's definition of contractor. You may wish to contact an attorney with knowledge of your state's licensing requirements or the appropriate state agency to determine whether you will be required to obtain a license before operating a Furniture Medic Franchised Business.

2. Item 17

Item 17v and w is amended by the addition of the following language to the original language that appears therein:

Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under the Act."

**ADDENDUM TO FRANCHISE AGREEMENT
FOR THE STATE OF RHODE ISLAND**

This Addendum relates to franchises sold in the state of Rhode Island and is intended to comply with Rhode Island statutes and regulations. In consideration of the execution of the Franchise Agreement (the "Agreement"), TCB FURNITURE MEDIC, LLC (the "Franchisor") and Franchisee agree to amend the Agreement as follows:

Article XV of the Agreement, under the heading "DISPUTE RESOLUTION" Section J: Governing Law", is amended by the addition of the following language to the original language that appears therein:

Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under the Act."

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed, and delivered this Addendum to the Agreement on the same day and year that the Agreement has been executed.

TCB FURNITURE MEDIC, LLC:

FRANCHISEE:

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

**ADDENDUM TO DISCLOSURE DOCUMENT
FOR THE STATE OF VIRGINIA**

The following information applies to franchises and Franchisees subject to Virginia statutes and regulations. Item numbers correspond to those in the main body.

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement does not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

Any provision in any of the contracts that you sign with us which provides for termination of the franchise upon the bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. 101 et. seq.).

**WASHINGTON ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT, FRANCHISE
AGREEMENT, AND RELATED AGREEMENTS**

This Addendum relates to franchises sold in the state of Washington and is intended to comply with Washington statutes and regulations. In consideration of the execution of the Franchise Agreement (the “Franchise Agreement”), TCB FURNITURE MEDIC, LLC (the “Franchisor”) and Franchisee agree to amend the Agreement as follows:

1. The state of Washington has a statute, RCW 19.100.180 which may supersede the Franchise Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.
2. In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the Franchise Agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.
3. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.
4. RCW 19.100.010(7), (12) and Franchise Act Policy Statement 6 may require franchisees who receive financial incentives to refer franchise prospects to the Franchisor to register as franchise brokers in Washington.
5. A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Protection Act except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act such as a right to a jury trial may not be enforceable.
6. Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.
7. Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee’s earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor’s earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the Franchise Agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.
8. RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the Franchise Agreement or elsewhere are void and unenforceable in Washington.
9. Notwithstanding Article II.B.3 or Article VII.B.2 of the Franchise Agreement, any release signed by a renewing or transferring franchisee does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, or the rules adopted thereunder.

(continued)

10. Article III.A. of the Franchise Agreement is revised to add the following:

The Washington Department of Financial Institutions Securities Division requires the franchisor to defer collection of the Initial Franchise Fee until the franchisor has fulfilled its initial pre-opening obligations under this Agreement and the franchisee is open for business.

11. Notwithstanding Article XI of the Franchise Agreement, franchisee has no obligation to indemnify or hold harmless an indemnified party for losses to the extent such losses are caused by the indemnified party's negligence, willful misconduct, strict liability, or fraud.

12. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

The undersigned does hereby acknowledge receipt of this addendum. Dated this ___ day of _____, 20___

TCB FURNITURE MEDIC, LLC:

FRANCHISEE:

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

**ADDENDUM TO DISCLOSURE DOCUMENT
FOR THE STATE OF WISCONSIN**

The following information applies to franchises and Franchisees subject to Wisconsin statutes and regulations. Item numbers correspond to those in the main body.

1. Item 17

“The Wisconsin Fair Dealership Law supersedes any provision of the applicant’s franchise contract or agreement inconsistent with that law.”

**ADDENDUM TO THE FRANCHISE AGREEMENT
FOR THE STATE OF WISCONSIN**

This Addendum relates to franchises sold in the state of Wisconsin and is intended to comply with Wisconsin statutes and regulations. In consideration of the execution of the Franchise Agreement (the "Agreement"), TCB FURNITURE MEDIC, LLC (the "Franchisor") and Franchisee agree to amend the Agreement as follows:

Article XIII.G of the Agreement, under the heading "Law," shall be amended by the addition of the following language:

"The Wisconsin Fair Dealership Law supersedes any provisions of the applicant's franchise contract or agreement inconsistent with that law."

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed, and delivered this Addendum to the Agreement on the same day and year that the Agreement has been executed.

TCB FURNITURE MEDIC, LLC:

FRANCHISEE:

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

FDD EXHIBIT G

Furniture Medic Franchise Operations Manual Tables of Contents

(See attached.)



FURNITURE MEDIC®

FRANCHISE OPERATIONS MANUAL

Furniture Medic Limited Partnership

150 Peabody Place
Memphis, Tennessee 38103
901-597-8500 or 800-426-2700
fmfranchiseinfo@furnituremedic.com

Version 2.0

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Furniture Medic
FRANCHISE OPERATIONS MANUAL
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FDD EXHIBIT H

GENERAL RELEASE

THIS GENERAL RELEASE (“Release”) is executed on _____ by:

- (i) _____, a [state] [individual or type of entity] with a principal address at _____ (“**Franchisee**”);
- (ii) _____, a [state] [individual or type of entity] with a principal address at _____ [and _____, a [state] [individual or type of entity] with a principal address at _____] (“**Owners**”); and, if applicable,
- (iii) _____, a [state] [individual or type of entity] with a principal address at _____ (“**Transferee**”).

RECITALS

A. TCB FURNITURE MEDIC, LLC (“**Franchisor**”) and Franchisee are parties to the following Franchise Agreements (collectively, the “**Franchise Agreements**”):

Franchise Agreement Number(s)	Date of Agreement

B. Franchisee, Owners, and (if applicable) Transferee are executing this Release as a condition of (check one):

- ___ (i) Franchisor consenting to a transfer of any interest in the Franchise Agreement or Franchisee’s business or entity;
- ___ (ii) Franchisor agreeing to enter into a successor Franchise Agreement with Franchisee; or
- ___ (iii) Franchisor agreeing to amend the Franchise Agreement or waive any of its rights under the Franchise Agreement.

If this Release is executed under the conditions set forth in (ii) or (iii) above, all references in this Release to “Transferee” should be ignored.

AGREEMENT

In consideration of the foregoing and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, it is hereby agreed as follows:

1. Release by Franchisee, Transferee, and Owners. Franchisee and Transferee (on behalf of themselves and their parents, subsidiaries, and affiliates and their respective past and present officers, directors, shareholders, managers, members, agents, and employees, in their corporate and individual capacities), and Owners (on behalf of themselves and their respective heirs, representatives, successors and assigns) (collectively, the “**Releasors**”) freely and without any influence forever release (i) Franchisor, (ii) Franchisor’s past and present officers, directors, shareholders, managers, members, agents, and employees, in their

corporate and individual capacities, and (iii) Franchisor's past and present parents, subsidiaries, predecessors, and affiliates and their respective past and present officers, directors, shareholders, managers, members, agents, and employees, in their corporate and individual capacities (collectively, the **"Released Parties"**), from any and all claims, debts, demands, liabilities, suits, judgments, and causes of action of whatever kind or nature, whether known or unknown, vested or contingent, or suspected or unsuspected (collectively, **"Claims"**), which any Releasor ever owned or held, now owns or holds, or may in the future own or hold arising out of, or relating to, any act, omission, or event occurring on or before the date of this Release, including, without limitation, (a) Claims arising under federal, state, and local laws, rules, and ordinances and (b) Claims arising out of, or relating to, the Franchise Agreement and any other agreements between any Releasor and Franchisor or Franchisor's parents, subsidiaries, or affiliates.

2. Risk of Changed Facts. Franchisee, Transferee, and Owners (on behalf of all Releasors) (a) understand that the facts in respect of which the release in Section 1 is given may turn out to be different from the facts now known or believed by them to be true and (b) hereby accept and assume the risk of the facts turning out to be different and agree that the release in Section 1 shall nevertheless be effective in all respects and not subject to termination or rescission by virtue of any such difference in facts.

3. Covenant Not to Sue. Franchisee, Transferee, and Owners (on behalf of all Releasors) covenant not to initiate, prosecute, encourage, assist, or (except as required by law) participate in any civil, criminal, or administrative proceeding or investigation in any court, agency, or other forum, either affirmatively or by way of cross-claim, defense, or counterclaim, against any person or entity released under Section 1 with respect to any Claim released under Section 1.

4. No Prior Assignment and Competency. Franchisee, Transferee, and Owners (on behalf of all Releasors) represent and warrant that: (a) the Releasors are the sole owners of all Claims and rights released in Section 1 and that the Releasors have not assigned or transferred, or purported to assign or transfer, to any person or entity, any Claim released under Section 1; (b) each Releasor has full and complete power and authority to execute this Release, and that the execution of this Release shall not violate the terms of any contract or agreement between them or any court order; and (c) this Release has been voluntarily and knowingly executed after each of them has had the opportunity to consult with counsel of their own choice.

5. Complete Defense. Franchisee, Transferee, and Owners (on behalf of all Releasors): (a) acknowledge that the release in Section 1 shall be a complete defense to any Claim released under Section 1; and (b) consent to the entry of a temporary or permanent injunction to prevent or end the assertion of any such Claim.

6. Waiver of Statutory Preservation Provisions. Franchisee, Transferee, and Owners (on behalf of all Releasors) each expressly waives any rights or benefits conferred by the provisions of Section 1542 of the California Civil Code, to the extent such provision would be applicable, which provides as follows:

A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party.

This waiver extends to any other statute or common law principle of similar effect in any applicable jurisdiction, including without limitation, California and or any other jurisdiction in which the Releasors reside. Franchisee, Transferee, and Owners (on behalf of all Releasors) acknowledge and represent that they have each consulted with legal counsel before executing this release and that they understand its meaning,

including the effect of Section 1542 of the California Civil Code, and expressly consent that this release shall be given full force and effect according to each and all of its express terms and provisions, including, without limitation, those relating to the release of unknown and unsuspected claims, demands, and causes of action.

7. Claims Under Washington Franchise Investment Protection Act. This Release shall not apply to any Claims arising under the Washington Franchise Protection Act, RCW 19.100, and the rules adopted thereunder.

8. Successors and Assigns. This Release will inure to the benefit of and bind the successors, assigns, heirs, and personal representatives of the Released Parties and each Releasor.

9. Counterparts. This Release may be executed in two or more counterparts (including by scanned copy), each of which shall be deemed an original, and all of which shall constitute one and the same instrument.

IN WITNESS WHEREOF, Franchisee, Transferee, and Owners have executed this Release as of the date shown above.

FRANCHISEE:

OWNER:

By: _____

Print Name: _____

Print Name: _____

Title: _____

Date: _____

Date: _____

OWNER:

TRANSFEREE:

By: _____

Print Name: _____

Print Name: _____

Date: _____

Title: _____

OWNER:

Date: _____

Print Name: _____

Date: _____

FDD EXHIBIT I

FRANCHISEE QUESTIONNAIRE

THIS DOCUMENT WILL NOT BE SIGNED BY YOU, AND WILL NOT APPLY, IF THE OFFER OR SALE OF THE FRANCHISE IS SUBJECT TO THE STATE FRANCHISE REGISTRATION/DISCLOSURE LAWS IN THE STATES OF CALIFORNIA, HAWAII, ILLINOIS, INDIANA, MARYLAND, MICHIGAN, MINNESOTA, NEW YORK, NORTH DAKOTA, RHODE ISLAND, SOUTH DAKOTA, VIRGINIA, WASHINGTON, OR WISCONSIN.

As you know, TCB Furniture Medic, LLC (the “**Franchisor**”) and you are preparing to enter into a franchise agreement (the “**Franchise Agreement**”) for the establishment and operation of a furniture and wood restoration, repair, fabrication, and refinishing business under the Furniture Medic® mark (the “**Franchised Business**”). The purpose of this Questionnaire is to determine whether any statements or promises were made to you by existing franchisees, employees or authorized representatives of the Franchisor, or by employees or authorized representatives of a broker acting on behalf of the Franchisor (“**Broker**”), that have not been authorized, or that were not disclosed in the Disclosure Document or that may be untrue, inaccurate or misleading. The Franchisor, through the use of this document, desires to ascertain (a) that the undersigned, individually and as a representative of any legal entity established to acquire the franchise rights, fully understands and comprehends that the purchase of a franchise is a business decision, complete with its associated risks, and (b) that you are not relying upon any oral statement, representations, promises or assurances during the negotiations for the purchase of the franchise which have not been authorized by Franchisor.

In the event that you are intending to purchase an existing Franchised Business from an existing Franchisee, you may have received information from the transferring Franchisee, who is not an employee or representative of the Franchisor. Please review each of the following questions and statements carefully and provide honest and complete responses to each.

Are you seeking to enter into the Franchise Agreement in connection with a purchase or transfer of an existing Franchised Business from an existing Franchisee?

Yes___No___

I had my first face-to-face meeting with a Franchisor representative on _____, 20_____.

Have you received and personally reviewed the Franchise Agreement, each addendum, and/or related agreement provided to you?

Yes___No___

Do you understand all of the information contained in the Franchise Agreement, each addendum, and/or related agreement provided to you?

Yes___No___

If no, what parts of the Franchise Agreement, any Addendum, and/or related agreement do you not understand? (Attach additional pages, if necessary.)

Have you received and personally reviewed the Franchisor's Disclosure Document that was provided to you?

Yes ___ No ___

Did you sign a receipt for the Disclosure Document indicating the date you received it?

Yes ___ No ___

Do you understand all of the information contained in the Disclosure Document and any state- specific Addendum to the Disclosure Document?

Yes ___ No ___

If No, what parts of the Disclosure Document and/or Addendum do you not understand? (Attach additional pages, if necessary.)

Have you discussed the benefits and risks of establishing and operating a Franchised Business with an attorney, accountant, or other professional advisor?

Yes ___ No ___

If No, do you wish to have more time to do so?

Yes ___ No ___

Do you understand that the success or failure of your Franchised Business will depend in large part upon your skills and abilities, competition from other businesses, interest rates, inflation, labor and supply costs, location, lease terms, your management capabilities and other economic, and business factors?

Yes ___ No ___

Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement or promise concerning the actual or potential revenues, profits or operating costs of any particular Franchised Business operated by the Franchisor or its franchisees (or of any group of such businesses), that is contrary to or different from the information contained in the Disclosure Document?

Yes ___ No ___

Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement or promise regarding the amount of money you may earn in operating the franchised business that is contrary to or different from the information contained in the Disclosure Document?

Yes ___ No ___

Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement or promise concerning the total amount of revenue the Franchised Business will generate, that is contrary to or different from the information contained in the Disclosure Document?

Yes ___ No ___

Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement or promise regarding the costs you may incur in operating the Franchised Business that is contrary to or different from the information contained in the Disclosure Document?

Yes ___ No ___

Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement or promise concerning the likelihood of success that you should or might expect to achieve from operating a Franchised Business?

Yes ___ No ___

Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement, promise or agreement concerning the advertising, marketing, training, support service or assistance that the Franchisor will furnish to you that is contrary to, or different from, the information contained in the Disclosure Document or franchise agreement?

Yes ___ No ___

Have you entered into any binding agreement with the Franchisor concerning the purchase of this franchise prior to today?

Yes ___ No ___

Have you paid any money to the Franchisor concerning the purchase of this franchise prior to today?

Have you spoken to any other franchisee(s) of this system before deciding to purchase this franchise? If so, who? _____

If you have answered No to question 9, or Yes to any one of questions 10-17, please provide a full explanation of each answer in the following blank lines. (Attach additional pages, if necessary, and refer to them below.) If you have answered Yes to question 9, and No to each of questions 10-17, please leave the following lines blank.

I signed the Franchise Agreement and Addendum (if any) on _____, 20____, and acknowledge that no Agreement or Addendum is effective until signed and dated by the Franchisor.

Please understand that your responses to these questions are important to us and that we will rely on them. By signing this Questionnaire, you are representing that you have responded truthfully to the above questions. In addition, by signing this Questionnaire, you also acknowledge that:

A. You recognize and understand that business risks, which exist in connection with the purchase of any business, make the success or failure of the franchise subject to many variables, including among other things, your skills and abilities, the hours worked by you, competition, interest rates, the economy, inflation, franchise location, operation costs, lease terms and costs and the marketplace. You hereby acknowledge your awareness of and willingness to undertake these business risks.

B. You agree and state that the decision to enter into this business risk is in no manner predicated upon any oral representation, assurances, warranties, guarantees or promises made by Franchisor or any of its officers, employees or agents (including any franchise broker) as to the likelihood of success of the franchise. Except as contained in the Disclosure Document, you acknowledge that you have not received any information from the Franchisor or any of its officers, employees or agents (including any franchise broker) concerning actual, projected or forecasted franchise sales, profits or earnings. If you believe that you have received any information concerning actual, average, projected or forecasted franchise sales, profits or earnings other than those contained in the Disclosure Document, please describe those in the space provided below or write “None.”

C. You further acknowledge that the President of the United States of America has issued Executive Order 13224 (the “**Executive Order**”) prohibiting transactions with terrorists and terrorist organizations and that the United States government has adopted, and in the future may adopt, other anti-terrorism measures (the “**Anti-Terrorism Measures**”). The Franchisor therefore requires certain certifications that the parties with whom it deals are not directly involved in terrorism. For that reason, you hereby certify that neither you nor any of your employees, agents or representatives, nor any other person or entity associated with you, is:

- (i) a person or entity listed in the Annex to the Executive Order;
- (ii) a person or entity otherwise determined by the Executive Order to have committed acts of terrorism or to pose a significant risk of committing acts of terrorism;
- (iii) a person or entity who assists, sponsors, or supports terrorists or acts of terrorism; or
- (iv) owned or controlled by terrorists or sponsors of terrorism.

You further covenant that neither you nor any of your employees, agents or representatives, nor any other person or entity associated with you, will during the term of the Franchise Agreement become a person or entity described above or otherwise become a target of any Anti-Terrorism Measure.

Acknowledged this _____ day of _____, 20__.

Sign here if you are taking the franchise as an

Sign here if you are taking the franchise as a

INDIVIDUAL

**CORPORATION, LIMITED LIABILITY
INDIVIDUAL COMPANY OR PARTNERSHIP**

Signature
Print Name_____

Signature
Print Name_____

Signature
Print Name_____

Signature
Print Name_____

Print Name of Legal Entity

By:_____

Signature

Print Name_____

Title_____

FDD EXHIBIT J

State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration:

California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

State	Effective Date
California	Pending
Hawaii	Pending
Illinois	Pending
Indiana	Pending
Maryland	Pending
Michigan	Pending
Minnesota	Pending
New York	Pending
North Dakota	Pending
Rhode Island	Pending
South Dakota	Pending
Virginia	Pending
Washington	Pending
Wisconsin	Pending

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

